



FINANCIAL POLICIES & PROCEDURES

The Valdez Museum & Historical Archive is committed to responsible financial management. The entire organization including the Board of Directors and staff, work together to make certain that all financial matters of the organization are addressed with care, integrity, and in the best interest of the Valdez Museum & Historical Archive.

The policy & procedural guidelines are designed to:

1. Protect the assets of the Valdez Museum & Historical Archive.
2. Ensure the maintenance of accurate records of the Valdez Museum & Historical Archive's financial activities.
3. Provide a framework of operating standards and behavioral expectations.
4. Ensure compliance with federal, state, and local legal reporting requirements.

The Executive Director of the Valdez Museum & Historical Archive (VMHA) has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors. Exception to written policies must be reviewed by the Finance Committee and approved by the Board of Directors. Changes or amendments to these policies must be approved by the Board of Directors at any time. A complete review of the policies shall be conducted annually.

Every Director and every Administrator having financial related responsibilities is expected to be familiar with and operate within the parameters of these policies and guidelines.

*Adopted by the Valdez Museum & Historical Archive Board of Directors this date
June 23, 2011*

Amended and Adopted by Board June 21, 2018: inclusion of Purchasing Process

I GENERAL

1. The Board of Directors formulates financial policies, delegate's administration of the finance policies to the Executive Director and reviews operation and activities. It is the responsibility of the Finance Committee of the Board of Directors to maintain and update this policy
2. The Executive Director has management responsibility including financial management.
3. Current job descriptions are maintained for all employees, indicating financial duties and responsibilities.
4. Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts, disbursement, payroll, or reconciliation of bank accounts.
5. The professional financial service provider for the VMHA is Newhouse & Vogler, CPA's. This firm performs the annual audit of the financial statements as well as the Internal Revenue Service's 990 preparation.
6. The Museum Services Manager maintains a current and accurate log of the chart of accounts.
7. The VMHA fiscal year begins January 1 and ends December 31.

II ACCOUNTING PRINCIPLES

1. Basis of Accounting – The financial statements are prepared on the accrual basis of accounting under which revenues are recorded when earned, whether or not collected; costs and expenses are reflected when incurred, whether or not paid.
2. Fund Accounting – The accounts are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Expenses are allocated to the individual funds based on the cost allocation of expenses incurred for the particular fund. This is a means by which spending activities are controlled for all funds.
3. Operating Funds – The operating funds, which include unrestricted, permanently restricted and temporarily restricted resources, are the general operating funds for the agency.
4. Expendable Restricted Resources – Operating funds restricted by the donor, grantor, or other outside part for particular operating purposes are deemed to be earned and reported as revenues of operating funds, respectively, when the organization has incurred expenditures in compliances with the specific restriction. Such amounts received but not yet earned are reported as restricted deferred amounts.

5. Allocation of Functional Expenses - The cost of providing various programs and other activities are summarized on a functional basis in the statement of activity and in the statement functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, using cost allocation methods.
6. Income Taxes – The organization is tax exempt under Internal Revenue Code Section 501(c)(3) and, therefore, is only subject to income taxes on nonexempt income earned. The organization is not a private foundation, and donations to the organization qualify for charitable contribution deduction under the Internal Revenue Code.

III FINANCE COMMITTEE

1. Finance Committee will meet at least four times a year to review the status of the Museum’s financial position. During the first Finance Committee Meeting, the Executive Director will provide a schedule outlining the four meetings to be conducted within the fiscal year.
2. The role of the Finance Committee is to review the cash flow position, forecasting, assets versus liabilities and variance in performance to budget versus actual as well as past performance and trends of the organization.
3. The Finance Committee comments of the financials will be incorporated into the monthly Finance Report to the Board.
4. The Finance Committee will include, but is not limited to:
 - a) Board of Directors – President
 - b) Board of Directors – Treasurer
 - c) Executive Director
 - d) Committee Member (2)

IV CASH RECEIPTS

1. The Museum Services Manager processes the mail received at the VMHA and opens all envelopes containing income. Copies are made of all checks received. Education and Public Programs receives copies of prepaid museum fees. Collections & Exhibition receives copies of designated gifts. Membership and Rental income goes to the Museum Services Manager. The Executive Director receives copies of income that is associated with grants, appeals, sponsorships, and other designated gifts. The Museum Services Manager prints deposit summary for the checks and cash received.
2. All checks are then immediately endorsed by Museum Services Manager who rubber stamps them with deposit only information, including specific bank account number. All cash and checks are locked in the safe until deposits are taken to the bank. The Museum Services Manager emails the Executive Director the total of the deposit. If there is any discrepancy a report is to be made to the Executive Director.
3. The Museum Services Manager enters the income receipts into Quick Books and into Past Perfect donor records. The Museum Services Manager prepares donor

receipts/acknowledgement letters and mails them to the donor/member within 5 days. The Executive Director sends acknowledgement letters for major gifts.

4. Credit Card Processing – Visa and MasterCard Payments are accepted. Payment Card Industry (PCI) Compliance is maintained when credit card data from customers is received via paper approval form, either mailed or faxed to a paper fax machine. All Sensitive information will be maintained under lock and key and destroyed after transaction is complete.
5. Admission & Store Income received by the front counter at the Main building is counted at the end of the day by the Attendant and is put in the safe. At the Annex the cash is put in a locked drawer in the Archives office. An end of day report is run on the Quick Books POS system. The printout accompanies the cash receipts. The Museum Services Manager receives a report on the amount of cash and sales and a deposit is made the next business day.

V CASH DISBURSEMENTS

1. Purchasing Process: The purchase of goods and services from outside vendors is to begin with the initiation of a purchase order through the Museum's Business Office and submitted to the Executive Director for approval as outlined herein:
 - a) All purchases over \$250.00 requires formal approval in advance by the Executive Director with the use of a purchase request form.
 - b) Under \$250: Pre approval is not required but a Purchase Order must be included with the invoice, receipt or statement.
 - c) Recurring monthly charges, including electric, heating oil, janitorial services, IT Services, water/sewer, telephone/Internet, will be reviewed by the Executive Director.
2. The Executive Director reviews all invoices for accuracy and the Museum Services Manager codes each invoice with the appropriate expense account number. Checks are written for accounts payable on the 5th and the 20th of each month, unless the days fall on a weekend. The Museum Services Manager reviews all new vendors to ensure the proper address and Federal ID# is on file.
3. All checks, including payroll checks, will be signed by the Executive Director and a designated member of the Board of Directors who has been authorized to sign checks.
4. Credit cards may be provided to employees as a convenience for pre-approved business purposes only. Personal charges are strictly prohibited. Employees issued credit cards shall take responsibility for making sure charges on accounts are Valdez Museum & Historical Archive related, and receipts are submitted to the Museum Services Manager. All charges and receipts should show names of business associates, conference travel, meals, dates and or vendor purchases made etc. with a short explanation of purpose. The Museum Services Manager shall reconcile the credit charges monthly.
5. Reimbursement for travel and other expenses must be processed by a purchase request form. All documentation and receipts are attached to the request and given to the Executive Director for approval. Reimbursement of travel expenses are to be within the Museum

guideline outlined in the VMHA Personnel Policy and those published by the Internal Revenue Service.

6. Unused Checks – All unused checks are kept in the safe located in the business office. A Check Register is run to ensure all checks have been entered into the accounting software application. If it is determined that a particular check is missing, the Executive Director is informed immediately and action is taken with the bank to ensure the check is not cleared and a stop payment is issued.
7. Void Checks – All voided check numbers are entered into the accounting software with the word “VOID” description. A report listing all void checks can be produced at any time to ensure accuracy of all information. All void checks are kept in a file where vendor files are kept in the business office. **(If a check is returned or voided before leaving the Museum, then the word void is written across the check and the signature space is removed.)**

VI CASH MANAGEMENT

The VMHA utilizes specific cash management strategy considerations designed to address the unique cash flow requirements for bank accounts, including general operating and restricted accounts.

1. Assure that anticipated cash flows are matched with adequate liquidity.
2. Assure that the majority of the Museum’s cash is held in interest bearing accounts.

VII FUNDS

The Directors will establish and manage the general funds of the Museum Corporation and may assign or delegate management authority for these funds to their agent or agents; this assignment will be written and will be specific in defining the authority and limits being assigned or delegated.

1. *Special Funds* Initially, the special funds of the Corporation are the Valdez Museum Endowment Fund and the Phyllis Irish Memorial Fund. The Directors may, by resolution, create other special funds to be managed according to and for purposes defined in their instituting resolutions. The initial Special Funds of the Corporation are as follows:
 - a) *Phyllis Irish Memorial Fund*- Created by the City Council in 1985, the Phyllis Irish Memorial Fund commemorates a founding member of the Valdez Museum. Its purpose is to provide an interest-bearing revolving account for special museum projects. This fund will be managed by the Directors who will have authority for its disbursement; during the annual meeting, the Directors will advise Members of expenditures made from this fund.
 - b) *Valdez Museum Endowment Fund*- Created initially in memory of Clinton J. “Truck” Egan, this fund was instituted by City Council (Members) as a separate account to be invested in long-term interest-bearing instruments. The fund’s purpose is to provide interest-

income to be used ultimately to fund operating expenses of the Valdez Museum in replacement of tax-based General Fund revenues.

The Members will hold the Endowment Fund Principal in perpetual trust for the benefit of the VMHA. The Members will provide policy guidance to the Directors for the administration, management and investment of the Museum Endowment Fund. Expenditures of the fund principal are not anticipated but may be authorized by unanimous affirmative vote by the Members and the Directors in a joint public meeting noticed at least 24 hours in advance; the notice will specify the purposes of the meeting.

VIII PAYROLL

1. Each employee is responsible for completing a time sheet semi-monthly for payrolls dated the 5th and 20th of each month. Salaried employees will document vacation and sick leave on the time sheet.
2. Completed time sheets are dated and signed by the employees and submitted to the Museum Services Manager on the last day of each pay period.
3. Pay advances on unearned wages are not allowed.
4. The Executive Director approves all payroll data before submitting to Museum Services Manager for payroll processing. Supervised by the Executive Director, the Museum Services Manager also prepares and submits all payroll taxes, W-2 forms and 1099 forms.
5. The Executive Director receives, reviews, signs payroll checks before a designated Board Member signs checks. The Museum Services Manager distributes checks.
6. The Executive Director maintains a personnel file for each employee containing all required payroll documentation.
7. Employees are given a Personnel Policy explaining all matters pertaining to payroll, sick and vacation leave, and holidays.
8. The Executive Director is responsible for proposing pay increases of staff, excluding the Executive Director.
9. The VMHA Board of Director's reviews and approves the compensation paid to the Executive Director Annually; the President reviews the salary and recommends a reasonable increase as appropriate.

IX AUDIT PROCESS

1. Certified Public Accountants (CPA) will perform a yearly audit. An Audit is a detailed review of an organization. The auditors review financial reports, transactions and processes in order for the CPA to be able to certify the financial statements as reflecting the health and well being of the organization. This is done in accordance with generally accepted accounting principles.

The independence of the auditor must be established using the standards for auditor independence as set forth in the latest revision of the government auditing standards.

2. Audit Disclosure - Annual audited financial statements must be available to the public and the Attorney General no later than nine months after the close of the fiscal year to which the statement relates. Audited Financial Statements must be made available for a period of three years.

The VMHA will submit the required audit reports to the appropriate funder or government agency with the stated date as required, including to those federal grants requiring a single – or program-specific audit in accordance with the Office of Management and Budget – Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A -133)

3. The Finance Committee, every 3 years or earlier, if applicable, will solicit bids of potential new CPA firms. This is done to ensure the Museum:
 - a) Evaluates the performance of its current auditors
 - b) Gets reasonable market rates
 - c) Obtains most cost effective and expert CPA/financial services

A minimum of three bids is required per compliance of governance of charitable organizations.

X BUDGETS

1. The Executive Director, Treasurer, and Finance Committee of the Board of Directors prepare the annual financial budget in June for initial presentation at the VMHA Board of Directors July meeting.
2. The Executive Director maintains the budget files.
3. The Annual Budget must be approved before the City of Valdez Grant is submitted in August.

XI INSURANCE

1. At the discretion of the Board of Directors, the VMHA Corporation may purchase and maintain insurance on behalf of any person who is or was a Member, Director, officer, employee, agent, partner or trustee of another, corporation, partnership, joint venture, trust or other enterprise against any liability asserted against or incurred by the person in any such capacity, or arising out of the person's status as such, whether or not the Museum

Corporation would have the power to defend and indemnify the person against such liability under provisions of this article.

2. The Executive Director carefully reviews all insurance policies with the Treasurer before renewing
3. The Museum Services Manager maintains all insurance files.

XII PROPERTY

1. Equipment shall be defined as all items (purchased or donated) with a unit cost of \$2,000 or more and a useful life of more than one year.
2. The Museum Services Manager maintains an inventory log which lists a description of the item, dates of purchase, price or fair market value and its location.
3. The Museum Services Manager will record all equipment acquisitions and disposals in the accounting system and prepare necessary depreciation schedules for the annual audit.

XIII LEASES & CONTRACTS

1. The Directors may authorize any officer or officers, agent or agents of the Museum Corporation, in addition to the officers so authorized by these by-laws, to enter into any contract, or execute and deliver any instrument in the name of and on behalf of the Museum Corporation, and such authority may be general or confined to specific instances.
2. The Executive Director reviews all leases & contracts.
3. All leases, clearly delineating terms and conditions, are approved and signed by the President of the Board of Directors.
4. The Museum Services Manager maintains a copy of each lease on file.
5. The Museum Services Manager is notified of each lease and makes proper accounting entries.

XIV GRANTS

1. The Executive Director carefully reviews each award to ensure compliance with all financial and programmatic provisions. The Executive Director maintains originals of all grants in a file.
2. The Executive Director prepares and maintains on a current basis a Grant Summary form for each grant awarded to the VMHA. This form includes the name, address, contact person and phone number for the funding organization; the time period applicable to

expenditures; restrictions on expenditures; and all required financial and program report and due dates.

3. The Executive Director reviews and approves all reports to funding sources.
4. It is the responsibility of the Executive Director to insure that all financial reports are submitted in a timely basis.

Approved by: VMHA Board of Directors on this date: June 23, 2011

Amended and Adopted by Board June 21, 2018: inclusion of Purchasing Process