



## **Fiscal Management Policy and Procedures**

### **Florida Native Plant Society**

#### **INTRODUCTION**

This policy establishes requirements for the financial management of the Florida Native Plant Society, Inc. (FNPS). The FNPS Board of Directors (Board) is responsible for sound management and adherence with Federal and State laws regarding corporate finances.

#### **ROLES AND RESPONSIBILITIES**

The FNPS Corporate bylaws, as well as the recorded resolutions and decisions of the Board, authorize the following roles and responsibilities of officers and staff:

##### **President:**

As the Chief Executive Officer, the President performs the duties normally attendant upon such an officer and has primary fiduciary responsibility for monetary and financial affairs of the Corporation.

##### **Treasurer:**

- Has charge of, and is responsible for all FNPS funds and securities
- Supervises disbursement of FNPS monies
- Makes available books of account and records to FNPS Directors, and organizational members upon request
- Makes reports of the financial condition of FNPS to the Board on a semi-annual basis at minimum
- Reviews and approves FNPS audits and financial reviews; conveys these reports to the Board
- Reviews and delivers to the Board Federal tax returns
- Signs all tax returns on behalf of FNPS
- Serves on the FNPS Finance Committee as established by Board charter
- In general, performs all the duties incident to the Office of Treasurer, and such other duties as may be assigned by the Board or by any committee authorized to do so.
- See FNPS Handbook for detailed position description for Board Treasurer

### **Vice President for Finance:**

- Chairs the FNPS Finance Committee as established and populated by Board charter
- Has charge of and reviews FNPS annual budgets, budgets specific to campaigns and conferences, and long range strategic fiscal planning and development. Preparation of budgets may be delegated to Executive Director.
- Oversees and directs FNPS non-operating funds, including investment and endowment funds.
- Reviews financial reports as provided by the Treasurer and Executive Director
- Reports to FNPS Board on the goals and implementation of FNPS Strategic Plan and Development Plan as related to financial and organizational development.

**Executive Director.** The Executive Director supervises administration of the organization's financial affairs, subject to the general supervision and oversight of the Board. Responsibility delegated to the Executive Director includes:

- Coordinating accounting and reporting functions
- Administration of all external financial reporting, including the preparation of State and Federal tax returns and reports.
- Drafting of FNPS annual budgets and long-range financial plans, for consideration by the Board.
- Financial reporting to the Treasurer and Board. Specific reporting responsibilities and expectations shall be delegated by the Treasurer.

### **POLICY**

#### **Annual Budget and Spending Authorities**

- The FNPS fiscal year is January 1 to December 31.
- The FNPS annual budget shall be prepared prior to each fiscal year and approved in accordance with the FNPS Bylaws. The annual budget shall be approved at or before the beginning of each fiscal year.
- The annual budget shall reflect FNPS annual programs and activities congruent with FNPS mission and strategic plan.
- Unless specifically authorized by the Board, annual budgets will be balanced, with either a neutral outcome or gain in any given fiscal year. A deficit budget will be approved by the Board only after careful review. The Board resolution approving a deficit budget will

document the Board's justification for the planned loss and its approval to expend

Corporation reserves to meet expense obligations for the fiscal year.

- FNPS's actual performance vs. budgeted allocations are reviewed monthly by the Treasurer and Executive Committee, and quarterly by the Board. If variance of any budget expense category exceeds the greater of \$1,000 or 10% over budgeted allocation of that category, Board approval of a budget amendment is required. If expenses across all categories exceed 5% of quarterly budget projections, a budget amendment is required. The Executive Committee may approve an interim budget amendment, which will be reviewed at the next scheduled meeting of the full Board.
- Board approval is required for budget adjustments that require allocation of >\$1,000 of reserve or contingency funds to the operating budget.
- Board approval is required for budget adjustments that require allocation of non-operating funds (i.e. reserve or contingency funds to the operating budget)
- The Executive Director, is authorized to make operational expenditures up \$10,000 if expenditure is needed to execute the Board approved annual budget.
- Approval by the Executive Committee and the Board is needed for expenses that are not included in the FNPS annual operating budget. In the case of emergency or urgent circumstance, the Executive Director is authorized to spend up to \$500 for a non-budgeted expense and notify the Board Treasurer and President as soon as possible. Such expense will be considered by the Board or the Executive Committee at soon as practical.

### **Appropriation of membership fees**

FNPS derives a portion of its annual revenue from membership dues. This income is unrestricted revenue and funds expenses associated with the operation of FNPS as well as operating income for individual FNPS Chapters. The portion of membership dues income allotted to Chapters shall be known as "Chapter Support income", and follow these general guidelines:

- Chapter support allotted to each chapter shall consist of 26% of the total annual membership dues derived from members of said Chapter excluding Library and Student memberships.
- Chapter support income is allotted to chapters twice each year and shall consist of 26% of the total membership dues derived from members of said Chapter excluding Library and Student memberships for the 6 month period from which membership dues were received.
- Chapter support income shall be appropriated in a manner consistent with annual operating budgets of individual Chapters, subject to the review and oversight of Chapter Boards of Directors.
- An FNPS bookkeeper sends chapter support to Chapters biannually (January and July) after review by the Executive Director, Treasurer, and Vice President for Administration.
- The FNPS Board, from time to time, shall review the fee schedule for apportionment of Chapter support income.

- Donations made to FNPS outside of membership dues are not considered in the calculation or allotment of Chapter support income.
- Non-membership donations made to individual Chapters are not included in the FNPS annual budget nor are they considered part of FNPS income. Rather, this income shall be appropriated in accordance with Chapter annual budgets and financial plans.
- All Chapter financial management and budgeting shall conform to FNPS Board approved policies, procedures and bylaws. This includes FNPS Fiscal management, Gift, and Internal controls policies among others. Furthermore, Chapter financial management shall conform to applicable State and Federal laws.
- Chapters are advised to employ financial tracking and reporting in a manner consistent with FNPS and in line with this and related FNPS policies.

### **Financial Records**

- FNPS keeps financial records in accordance with Generally Accepted Accounting Principles (GAAP) for non-profit organizations.
- Financial records are entered and maintained promptly in accordance with the Double-Entry Bookkeeping protocol.
- At a minimum, at the end of each quarter, a 100% reconciliation of the FNPS's financial accounts is conducted by a qualified bookkeeper and any discrepancies are resolved during the reconciliation.
- Checking account statements and transaction reports are provided to the Treasurer monthly for review, along with summary reports of financial standing.
- See FNPS Internal Controls, Authorizations and Financial Records Procedures for procedures for handling funds.

### **Key Principles**

- FNPS tracks and records income and expenses to accurately match actual operations. Expenses are allocated to appropriate cost centers via direct allocation.
- FNPS attempts to use a uniform and consistent method of allocating income and expenses which best reflect the operations of the organization. However, if required by outside funding sources, FNPS will comply with more restrictive and/or different allocation methods and report expenses accordingly.
- Income is recorded in accordance with any donor restrictions of either use, purpose or time.
- FNPS records all donations and pledges of donations at the time the gift or pledge is

received. Donations are valued at Fair Market Value at time of receipt.

- Any income to FNPS from any sources, including but not limited to grant awards, contracts, donations, non-cash assets, shall be considered as part of the FNPS Operating Fund and subject to all FNPS policies and procedures that regulate spending and appropriations. Exceptions to this are: 1) donor restricted contributions to FNPS non-operating funds (i.e. FNPS Endowment fund), and 2) Board restricted funds that are explicitly distinct from the FNPS Operating Fund. For the latter, the Board shall designate procedures for use, purpose and distribution.

### **Financial Reports and Statements**

- Financial reports are reviewed monthly by the Treasurer. The Treasurer keeps the Board informed of any financial issues
- Financial reports are available for review by the Board within three weeks of the end of each reporting interval.
- Year-end financial statements are available for Board review within four weeks of the end of each fiscal year. These reports include: statement of financial position, statement of support and revenues, expenses and changes in fund balances, statement of cash flows, and other supporting information.

### **Financial Review or Audit**

- An annual independent financial audit or independent financial review is conducted by an outside CPA firm, in accordance with OMB circular A 133 (Audits of States, Local Governments, and Non-Profit Organizations) and State of Florida laws. The Board, at its discretion shall determine the need for an independent financial audit or financial review annually.
- In accordance with Florida state law, an independent financial audit is required annually if \$750,000 or more in federal funds or more than \$1,000,000 of total contributions were received during the audit year. The decision regarding level of financial review for the previous fiscal year is made by the Executive Committee. Periodic updates to this policy may be required in accordance with changes in State Laws re: financial reviews.
- Financial review or audit reports, and the annual 990 tax returns are presented by the Treasurer to the Board. A majority vote of approval by the Board is required prior to filing federal tax returns

### **Procedure for Board Review and Approval of Federal Tax returns**

- Following the end of each fiscal year, the FNPS federal tax return is prepared by a professional accountant. The completed return, including all required schedules and statements, is available for review by the Board at least 14 days prior to the deadline for submission of the return.

- The completed IRS Form 990 will be reviewed by the Treasurer who will make sure that the information it contains is accurate and complete. If it is not, the Treasurer will inform the Executive Director, who will inform the preparer of the necessary corrections and additions. If necessary, the preparer will be instructed to request an extension of the filing deadline.
- Once the Treasurer has determined that the return is accurate and complete, the 990 or 990-EZ is presented to the FNPS Board. The Board must approve the tax return before it is filed.
- The Treasurer will sign the return and arrange for its filing. A copy of the return will be retained in the FNPS corporate records and made available to FNPS members and constituents in accordance with Florida State Law.

### **Risk Management and Insurance**

- FNPS assesses and manages its risks and carries liability, property, directors and officers, and other insurance as needed, appropriate to its risk exposure and state law. The Board exercises caution before using the organization's assets to secure debt, and in these circumstances takes into account any legal or implied donor restrictions, FNPS mission, and public relations impact.
- The Executive Director annually assesses potential risks faced by FNPS and recommends to the Board adjustment to insurance coverage as necessary.

### **Fixed Assets**

- Fixed assets are tangible items with initial market value of > \$2,500 and a useful life longer than one year. Fixed assets are valued, recorded and classified upon receipt as either Unrestricted Net Assets or Permanently Restricted Net Assets, in accordance with donor specifications. Funds donated for the purpose of purchasing a Fixed Asset (for unrestricted use by FNPS) will be recorded upon receipt as Temporarily Restricted Net Assets until the intended fixed asset is acquired.
- FNPS will maintain a schedule of Fixed Assets, recording the date of acquisition, purchase price, useful lifetime and monthly depreciation expense of each asset, and whether each asset is for Unrestricted or Permanently Restricted use. GAAP practices will be used in determining the useful life and depreciation schedules.
- FNPS will review and verify Fixed Assets annually and assess their condition.
- FNPS will track dispositions of Fixed Assets by recording either a Gain or Loss on the "Sale of Asset" as occurs.
- FNPS maintains an up to date list of all equipment purchased as required by funders.

### **Classification of Income**

FNPS has established the following categories in principle, to which all income is designated in accordance with the specific restrictions or requirement of funders and GAAP practices. The FNPS Executive Director is responsible for documenting donor restrictions and designating income to appropriate fund categories upon receipt.

**Unrestricted Income:** assets which are not subject to donor-imposed restrictions related to purpose, use or time. In general, these funds are appropriated to general operation expenses unless specified otherwise. The Board retains authority to designate these funds for specific purposes, as well as the right to re-designate these funds through Board action.

Unrestricted Income shall also include those that have no donor imposed restrictions but are limited by Board resolution for a specific purpose.

**Temporarily Restricted Income:** assets limited by donor imposed restrictions, which are (a) time restrictions and/or (b) purpose restrictions. Time restrictions require funds be used within a specified period. Purpose restrictions require funds be used for a specified purpose.

Income that meets these criteria will be designated as such at the time of donation by the Executive Director, and directed to appropriate fund.

**Permanently Restricted Income:** assets that are (a) subject to donor-imposed restrictions where the principal must be maintained in perpetuity, or (b) subject to permanent prohibition against use of principal as designated by the Board through agreement with another nonprofit organization (i.e. a community foundation). These are often referred to as endowment funds.

Permanently Restricted income will be designated as appropriately restricted funds at the time of donation and/or establishment by Board resolution, which will specify restrictions and uses of fund income.

- a) Income from Permanently Restricted Funds is designated in accordance with restrictions of the original donor, funder, and/or contract limitations with a third party. Fund income must be appropriated annually by the Board by an approved motion or resolution, or in the annual budget, in accordance with the restrictions of the Permanent Fund.

## **Dedicated Funds**

These dedicated funds are established by FNPS policy:

1. **FNPS Operating Fund:**

**Goal:** the Operating Fund contains funds for budgeted FNPS operating expenses related to day to day and mission related activities of the organization.

**Description:** The Operating Fund supports mission related programs and administrative expenses. Operating funds are administered by the Executive Director in accordance with donor designated restrictions and in accordance with the Board approved annual budget. The Operating Fund may include Board designated reserve and contingency funds, as well as capital funds.

The Board has authority to establish contingency and reserve fund(s) by resolution, which shall include description of the fund's purpose, source and use. These funds may be excluded from the annual budget, but are nonetheless included as Operating Funds in that their use may change with Board direction.

**Sources:** the Operating Fund's principal comes from many sources including: gifts, grants, event and sales income, and income and distributions transferred from other funds. The Operating Fund may contain Temporarily Restricted and Unrestricted income. The Operating Fund may consist of multiple program related funds as outlined in the approved Annual Budget.

**Use:** The Operating Fund is used to pay FNPS operating expenses and for operating reserves. Any income (interest, dividends) shall be added to the Operating Fund as unrestricted income unless directed elsewhere by Board resolution or donor restriction.

**Disbursement:** Operating Funds are typically disbursed in accordance with an approved annual budget.

2. FNPS Endowment Fund:

**Goal:** The FNPS maintains an Endowment Fund to provide a long-term source of funds for: the annual Research Grant awards program with the goal to support research that forwards the mission of the Florida Native Plant Society "to promote the preservation, conservation, and restoration of the native plants and native plant communities of Florida." This is a Permanently Restricted fund.

**Sources:** Income for this fund comes from donations, and are restricted to building the fund principal which in part funds the Research Grant program via annual earnings.


**Use:** Annual earnings (including interest and dividends) are considered Temporarily Restricted in use and purpose, to fund Research Grant awards.

**Disbursement:**

Endowment Fund earnings are available annually to support Research Grant awards. Earnings are generally coupled with donations directly made to fund grant awards.

Each year, annual earnings from the Endowment Fund shall be reported to the Board in the first quarter of the FNPS Fiscal Year. At its discretion, the Board shall direct the distribution of Fund earnings, in whole or in part, for one or more of the following purposes: 1) to pay for grant awards in the current fiscal year, 2) to hold as funding for future grant awards, and/or 3) appropriate earnings to the Fund principal, where they become part of the Permanently Restricted Endowment Fund. The Board shall direct the proportional earnings distribution if more than one funding option is approved.

If the Board fails to appropriate Fund earnings in a timely manner, earnings shall remain as Temporarily Restricted funds until such time that the Board approves disbursement.

Approved as amended:  \_\_\_\_\_ Date: 5/21/2020 \_\_\_\_\_  
President Susan Carr, Board of Directors