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Document # POL-6

CHFC FINANCIAL POLICIES

October 17, 2005
Rev: -

CHFC FINANCIAL POLICIES

REVISIONS

REV	DESCRIPTION	DATE	APPROVAL
-	Initial Release Baseline	10/17/2005	CHFC Board

CHFC FINANCIAL POLICIES

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CHFC FINANCIAL POLICIES

1. PURPOSE

The Community Health Free Clinic (CHFC) is a non-profit organization that depends on gifts and grants from the community, individuals, and other organizations to operate. Because of this it is essential to maintain a quality financial tracking system to properly account for receipt and expenditure of these funds. This document describes the policies to be used for all aspects of financial accounting and associated areas.

2. BACKGROUND

The Community Health Free Clinic began in November of 2002. Originally, clinics were held in the Jane Boyd Community House in very limited space. The process of treating patients along with tracking the funds to provide this treatment was not excessively complicated. In 2003 there was a campaign started to build a new facility with space to provide not only those services provided at Jane Boyd Community House, but added clinics and increased volunteer staff. This essentially moved the CHFC organization from a somewhat informal operation into a not-for-profit organization akin to a small business. As such, it became necessary to account more directly for the financial functions with policies and procedures to ensure that every aspect can be appropriately tracked and reported. Many grants and other funding sources have requirements that must be addressed to maintain control of how the funds are used and quick information retrieval to validate the present status.

3. REFERENCE DOCUMENTS

- **Non-profit 501(c)(3) IRS Certificate**
- **CHFC Policy Number POL-3, Security And Confidentiality Of Patient Health Information Policy**
- **CHFC Procedures and Processes Number PRO-6, Clinic Procedures and Processes**

4. DEFINITIONS

- Board shall mean the Community Health Free Clinic Board of Directors
- The Committee shall mean the Finance Committee
- Treasurer shall mean an individual appointed by the Board of Directors who has appropriate credentials and the authority to oversee the financial function of the Community Health Free Clinic.
- Clinic or CHFC shall mean the Community Health Free Clinic.

5. POLICIES

1. FINANCE COMMITTEE

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A Community Health Free Clinic Treasurer shall be elected and approved by the CHFC Board of Directors in accordance with the CHFC Bylaws to oversee all aspects of the financial activities of the CHFC. The Board has the prerogative of removing an individual as Treasurer whenever, in its judgment, the interests of the CHFC would be served by doing so. The Treasurer may resign at any time.

The Treasurer will serve as Chairperson of the Finance Committee to define and carry out processes used to maintain control of all financial areas. Roles and responsibilities of individuals actually performing tasks associated with the financial functions of the CHFC shall also be defined by the Treasurer.

The Finance Committee activities shall be split into four areas of responsibility. There shall be two responsible individuals assigned to cover each area. To ensure that independence is maintained between each of the four areas, no individual shall have responsibilities in more than one area.

- Contributions. This area includes handling of donations, gifts in kind, grants, reports dealing with grants, pledges, bequests and accounts receivable. Additionally, the individuals covering this area have the responsibility to write thank you notes, maintain mailing lists and deposit all receipts in the bank.
- Disbursements. Disbursements include accounts payable, wages and salaries and petty cash accounts.
- Financial Reporting & Budgeting. This function maintains the reports and tracking of the CHFC financial condition including the Balance Sheet, the Income Statement, Cash Flow Statement, budgets, capital needs, internal communications, data for reports and publications, taxes and depreciation.
- Financial Controls. The financial oversight and control of activities of the Finance Committee includes the following areas: Writing of financial policies and procedures, defining delegation and maintaining oversight over financial areas, maintaining property inventory controls and records, reviewing and providing guidance for endowments received, and monitoring, negotiating and determining needs for insurance.

2. DEFINITION OF FINANCIAL AUTHORITY

The Treasurer shall recommend to the Board for its approval the authority as appropriate for individuals for various financial functions within the CHFC. These include, but are not limited to the following areas:

- Individual authority and limits. The authority and limits of individuals to approve purchases of goods and services for the CHFC shall be approved by the Board. The Treasurer shall provide a list of recommended individuals and the authority they have to the Board for approval.
- Purchase of goods and services in excess of individual limits. Any purchases in excess of the limits placed on individuals to approve purchases or purchases of an unusual nature shall be presented to the Board for its approval.

The Treasurer shall delegate specific authority and responsibility to individuals in the organization to allow normal business practices to occur with efficiency. These delegations include such areas as;

- Disbursements of funds. The authority to sign checks for disbursements of funds shall be delegated by the Treasurer to specific individuals.
- Purchases Approval. Determine the maximum amount that may be approved for purchases without Board action. Define who will have the authority to approve these purchases.
- Authority to use credit card(s). The Treasurer shall determine with the CEO if the CHFC should have a credit card(s), the spending limits (if any), who has control of the card(s) and who can authorize purchases on the card(s).

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3. FINANCIAL MANAGEMENT

It is the intent of the CHFC to be a faithful steward of funds entrusted to it, practice sound and timely financial management, and comply with the complex array of legal and generally accepted accounting principles. To this end the CHFC shall maintain accurate financial records and ensure that the organization's financial resources are used solely in furtherance of its mission statement. Regulatory, risk management, and liability concerns shall be periodically reviewed.

4. Financial Accountability

Financial Accountability shall be maintained at the CHFC using the following criteria.

- The CHFC shall operate in accordance within an annual budget that has been approved by the Board prior to the beginning of each fiscal year.
- The CHFC shall create and maintain financial reports on a timely (at least quarterly) basis, accurately reflecting the financial activity of the organization, including the comparison of actual to budgeted revenue and expense.
- Periodically the CHFC shall subject its financial processes to an audit by a Certified Public Accountant. Other audits may be authorized by the Board when circumstances indicate one is needed. The Treasurer shall recommend to the Board for its approval the CPA to perform any audit.
- The CHFC shall provide employees and volunteers with a confidential means to report suspected financial impropriety or misuse of organization resources, will investigate all such reports and take appropriate corrective action as necessary.
- The CHFC shall have written financial policies governing the following matters, where appropriate: (a) investment of the assets of the organization; (b) internal control procedures; (c) purchasing practices; (d) compensation, including salary and benefits; (e) expense account reporting; and (f) earned income.
- The CHFC Board may budget for a deficit from time to time but should not incur persistent or increasing operating deficits.

5. External Financial Arrangements

There may be occasions where it is a benefit to the CHFC and/or its patients to enter into external financial arrangements. Any such arrangement shall be discussed and approved by the Board before any commitments are made.

- The CHFC, with Board approval and full knowledge of its legal obligations and liabilities, may undertake responsibility of serving as a fiscal agent for another organization with a related mission and should review this relationship annually.
- Any subsidiary that the CHFC establishes should be in the direct furtherance of the mission of the organization.

6. CHARITABLE FUNDRAISING

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Charitable donations provide an important and unique source of voluntary financial support for the work of most nonprofits. Truthfulness, donor confidentiality, and responsible stewardship shall be the foundation of the CHFC fundraising. The CHFC fundraising practices are consistent with and respectful of the intent of donors and prospective donors as well as its mission and organizational capacity.

7. Fundraising Activities

- The CHFC's fundraising costs shall be reasonable in terms of percentage of charitable revenue spent for development. On average, over a five-year period, the CHFC shall have charitable contributions from fundraising activities that are at least ten times the amount spent on fundraising.
- The CHFC's fundraising methods shall promote the public's trust in its stewardship of charitable dollars. Solicitation, promotional materials, and grant applications shall be accurate, honest, and ethical. The materials shall clearly identify the organization, its mission, and the intended use of the solicited funds.
- The CHFC shall follow to the greatest extent possible the known intentions of a donor regarding the use of donated funds and grants. A report shall systematically and regularly be made on the use of funds to such donors and grantors. Upon completion of a fund raising project or a time duration for which a grant or donation was agreed upon, a final public report shall be made detailing program and financial results. As appropriate, specific mailings may be made to the donors and grantors.

8. Donor Relationships and Privacy

- The CHFC will respect the privacy of donors and safeguard the confidentiality of information that a donor reasonably would expect to be kept private.
- The CHFC will provide individual donors with an opportunity to remain anonymous and to prevent their name, gift amount, or other information from being publicly released.
- The CHFC will not sell, rent or exchange any donor mailing lists.
- The CHFC will honor donors' and prospective donors' requests to curtail mailings or telephone solicitations from in-house lists.
- Solicitations should be free from coercion, undue influence, or excessive pressure. Solicitations should be respectful of the needs and interest of the donor or potential donor.
- To maintain the public's trust, the CHFC will seek only the funds it needs to reasonably work toward achieving its mission over the foreseeable future. The CHFC will remain cognizant of the fact that other nonprofits also need donations and grants from the charitable community.

9. Acceptance of Gifts

The CHFC policies that govern the receipt and treatment of charitable gifts and grants are provided in this paragraph. These policies include requirements to determine any limits on individuals or entities from which the organization will accept a gift, the purposes for which donations will be accepted, and the type of property that will be accepted. The policies also articulate whether to accept an unusual or unanticipated gift in light of the organization's mission and organizational capacity.

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- Charitable gifts or grants shall not be accepted if they are not in accord with the basic mission of the CHFC. The Board shall make this determination. If a grant or gift is presented to the CHFC that is not compatible with the CHFC Mission Statement, the Board may elect to review the effect of accepting the gift or grant. Even if the Board determines that the CHFC mission should be modified, no gift or grant shall be accepted until the Mission Statement has been modified and approved by the Board.
- Gifts, donations or grants shall not be accepted if the Board determines or reasonably suspects that the gifts, donations or grants have been derived from illegal activities.
- Gifts, donations or grants shall not be accepted if commitments would be made by the CHFC that do not contribute to the operation of the Clinic.
- Any major donation, gift or grant shall be announced in a public forum, unless the donor requests otherwise.

All statements the CHFC makes in its fundraising appeals and grant applications about the use of a contribution or grant shall be honored or renegotiated.

10. EMPLOYMENT OF FUNDRAISING PERSONNEL

- Fundraising personnel, including both employees and independent consultants, will not be compensated based on a percentage of the amount raised or other commission formula.
- The CHFC should only use the services of professional fundraisers who are registered with the state of Iowa.
- The CHFC will exercise control over any staff, volunteers, consultants, contractors, other organizations, or businesses that have been authorized to solicit contributions on behalf of the organization.

11. PUBLIC ACCOUNTABILITY AND COMMUNICATIONS

Volunteers, board members, employees and donors voluntarily become involved with a private nonprofit corporation because of its public benefit mission. Therefore, the CHFC must be transparent and make information about its mission, program activities, and finances available to its constituencies. The CHFC shall be accessible and responsive to public inquiry and it will reach out to interested parties to provide appropriate information to them.

12. Public Access

- The CHFC shall provide members of the public who express an interest in the affairs of the organization with a meaningful opportunity to communicate with an appropriate representative of the organization.
- The CHFC may disclose its IRS form 990 and audit or other financial statements to members of the public.

13. Communication of Information

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- Individuals who make public statements, press releases, etc. concerning the CHFC financial position, shall have approval from the Board to represent the CHFC. If an issue being discussed is felt to be sensitive, the Board should provide guidance as to the CHFC position to the individual(s) involved in making a public statement.
- The CHFC shall prepare and make available to the public an annual report containing information about the organization's mission, service activities, and basic financial data. The report also should identify the names of the organization's board of directors, officers, and management staff.
- The CHFC shall ensure that donors, patients, volunteers, and the general public have access to appropriate financial records and records of organizational activity in fulfillment of the public trust.
- The CHFC shall ensure that personal information concerning individual patients, employees, and others is confidential unless written permission to release information has been obtained.