

Board Policy Type: Executive Limitations

Policy Title: Financial Condition

The Executive Director shall not jeopardize the long-term financial strength of CommunityIMPACT, Inc..

Executive Director's Interpretation

"Jeopardize" means to expose to danger or risk.

"Financial Strength" refers to the financial sustainability of the organization.

Means of Measuring Executive Director's Compliance of His Interpretations

The Executive Director will work with the Board of Directors to develop a monthly financial status report that identifies critical financial performance indicators. The report will include Board selected accounting ratios and other quantifiable data in a "run-chart" format to show trends over at least 12 data months or 6 years depending on the type of data. The run charts will be available at Board sessions and available, upon request, monthly. Financial performance indicators may include: cash on hand, fund balances, personnel support, etc.

Accordingly, the Executive Director shall not cause or allow staff to:

1. Incur short-term indebtedness other than for accounts payable or beyond a Board authorized line of credit;

Executive Director's Interpretation

"Indebtedness" does not refer to line-of-credit type debt such as credit cards and standing accounts approved by the Board.

Means of Measuring Executive Director's Compliance of His Interpretations

One of the data elements in the financial status reports will be organizational indebtedness and line-of-credit debt.

2. Incur long-term indebtedness without Board approval.

Means of Measuring Executive Director's Compliance of His Interpretations

The Executive Director will provide a list of indebtedness and date of Board authorization annually.

3. Bill accounts receivable in an untimely manner

Executive Director's Interpretation

"Untimely" is beyond the due date of printed invoice.

Means of Measuring Executive Director's Compliance of His Interpretations

One of the quarterly financial data reports to the Board of Directors will be a run-chart identifying invoiced income.

4. Pay payroll and undisputed debts later than the due date.

Means of Measuring Executive Director's Compliance of His Interpretations

One of the quarterly financial data reports to the Board of Directors will be a run-chart identifying payroll and other debts not paid by the due date.

5. Allow expenditures to deviate materially from Board stated priorities.

Executive Director's Interpretation

"Deviate" is a tangent beyond Board Directed Ends.

Means of Measuring Executive Director's Compliance of His Interpretations

The operating budget will identify each expenditure in relation to Strategic Direction.

6. Allow practices that could jeopardize the tax status of CommunityIMPACT, Inc.;

Executive Director's Interpretation

"Practices" refers to activities such as political activism, for-profit activity, and any other organizational behavior that is not allowed under IRS regulations. The ECFA is the primary source of information for unacceptable practices.

Means of Measuring Executive Director's Compliance of His Interpretations

Annually the Executive Director will email the Board documentation of continuing membership in ECFA and a summary of changes in IRS regulations related to CommunityIMPACT, Inc. maintaining its tax-exempt status. An annual Form 990 shall be submitted to the IRS and submission date provided to the recorded for Board reference.

7. Deviate from generally accepted accounting principles.

Executive Director's Interpretation

"Deviate" means to not comply. "Generally-Accepted Accounting Practices" refers to standards common to the accounting/auditing industry such as Sarbanes-Oxley. ECFA membership requires financial records to comply with generally accepted accounting principles.

Means of Measuring Executive Director's Compliance of His Interpretations

Compliance with generally accepted accounting principle standards will be annually verified by the external auditor retained by the Board of Directors to complete the annual audit or review.