

The Southwest Harbor - Tremont Nursing Service

Financial Policy

Approved by the Board on June 17, 2024

I. GENERAL

- A. The Board of Directors formulates financial policies, and reviews operations, activities and internal controls. The Board delegates the day-to-day administration of the financial policies to the Service Chief/Executive Director (SC/ED).
- B. The SC/ED has full management responsibility for Southwest Harbor - Tremont Nursing Service (hereinafter referred to as "the Service") including operational financial management.
- C. Current job descriptions will be maintained for all employees, indicating financial duties and responsibilities.
- D. Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts; disbursements; payroll; reconciliation of bank accounts; etc.
- E. Professional financial service providers will be established and reviewed as needed. These include but are not limited to firms providing accounting, auditing, consulting, bookkeeping, payroll services, banking, investment management, benefits, and insurance.
- F. The Bookkeeper, in collaboration with the Treasurer, will maintain a current and accurate log of the chart of accounts, job accounts and accounting classes.
- G. This Financial Policy will be reviewed periodically by the Board of Directors.

II. BOOKS OF ORIGINAL ENTRY

- A. The Service will maintain its accounting records in a manner that facilitates the preparation of audited financial statements conforming to generally accepted accounting principles.
- B. The Service will utilize a double entry accounting system, such as QuickBooks, for the accounting of all financial activities of the Service.
- C. The chart of accounts will be designed and utilized so that revenue and expenditures can be tracked, monitored, and reported.
- D. Adequate documentation will be maintained to support all general ledger entries and subsidiary ledger entries.
- E. At the end of each month, the Bookkeeper will prepare Income and Expense Statements

and a Balance Sheet that will be reviewed by the Treasurer, the President, and the SC/ED.

F. Quarterly the Bookkeeper will prepare reports that compare actual expenditures against budgeted expenditures. The SC/ED and Board Treasurer will review these reports with the Board and identify significant variances along with recommended corrective action plans needed to keep expenditures within budget. The SC/ED and Board Treasurer will also monitor revenue and any variance to budget and keep the Board apprised of how the Service is tracking.

III. GRANTS AND SERVICE CONTRACTS

- A. The SC/ED is responsible for establishing, maintaining, and updating service contracts as needed. In selecting service providers, the SC/ED will follow the guidelines in Section V. below.
- B. The SC/ED, the President, and the Fundraising Committee will communicate about potential grant opportunities and will collaborate on the submission of grant applications.
- C. All grants will be acknowledged with a letter of thanks to the grantor, and a record will be kept of how the funds were spent in order to report back to the grantors as needed.

IV. CASH MANAGEMENT

A. RECEIPTS (includes cash, checks and electronic deposits)

1. The Bookkeeper or their designee will retrieve and open any mail either addressed to the Service or without specific addressees. The receipt of checks or cash will be recorded in a permanent record including date received, amount, payee, purpose of payment (with particular attention to checks from donors with restrictions on use of funds). This record will be shared periodically with the staff/volunteers responsible for acknowledgment of donations. The Bookkeeper will prepare and execute a deposit to the appropriate account and record that activity in the accounting system.
2. The Bookkeeper will confirm receipt of electronic deposits and enter them into the accounting system. The Bookkeeper will also record any such receipts in the receipts log. All transfers between bank or investment accounts require adequate documentation.
3. All receipts will be deposited intact. No disbursements will be made from cash or check receipts prior to deposit. This requirement will ensure all disbursements are made with the necessary approval required by this policy.
4. In the event a cash payment is received, the SC/ED or designee will record each cash payment received in a number receipt book with the original going to the payor and the duplicate

forwarded to the Bookkeeper. The Bookkeeper will enter the receipt into the cash receipts log. Cash shall be locked in a secure location until such time as it can be delivered to the Bookkeeper who will include it with the next bank deposit.

5. All deposit reports, receipts, and supporting documentation will be available to the Treasurer of the Board of Directors without prior notice.

B. DISBURSEMENTS

1. All invoices, whether received by mail, email or any other mode of delivery will be immediately forwarded to the SC/ED who will review invoices for completeness, mathematical accuracy, validity, conformity to the budget (or other board authorization) and compliance with bid or contract requirements and will then code them with account for entry into the accounting system by the Bookkeeper.

2. The Bookkeeper will periodically, based on a time frame that will ensure timely payment of all bills, generate a check run report and make available for review all relevant invoices. The report and invoices will be reviewed by the Board President or their designee and payment authorized by signing and dating the report. Approved authorizations will be retained and filed.

3. No bills will be entered into the accounting system for payment without adequate documentation. All documentation is to be retained and filed.

4. SC/ED will ensure that all conditions and specifications on a contract or order have been satisfactorily fulfilled prior to authorization of payment, including inventorying items received against packing slip counts.

5. Authorized signers on the Service's bank accounts will be limited to the President, Vice President and the Treasurer of the Board of Directors. In the event that fewer than three individuals are available as authorized signers, the Secretary may serve in that role.

C. CHECKS

1. The Bookkeeper will be responsible for securing all blank check stock in a locked cabinet. All check stock shall be accounted for by the Bookkeeper by maintaining a log. All check stock is to be logged in on the date received by number. All checks cut are to be logged on the date issued by number. All voided checks are to be logged on the date voided by number. When possible, voided checks are to be retained and filed with the check log. The signature line should be torn off or X'd out. The log shall also note the reason for the voiding of a check.

2. Authorized signers are each authorized to approve payments, transfers and sign checks and execute payments among the deposit accounts in amounts up to \$1,000 or within the Board approved annual budget. Payments in excess of \$1,000 and not within the approved annual budget will require two authorizations by the aforementioned signers.

3. Transactions involving access to the Service's investment accounts require two authorizations. Documentation of such approval shall be retained and filed.

4. For all approved invoices, the Bookkeeper will prepare a list of payees and amounts due and forward that list to the Board-authorized signatories, who will remit payment via the online bill

payment system. For invoices not paid electronically, the Bookkeeper will generate checks, obtain the appropriate signatures, and mail to vendors.

5. In no event will:

- a. Invoices be paid unless approved by an authorized signer
- b. Blank checks (checks without a date or payee designated) be signed in advance
- c. Checks be made payable to "cash", "bearer", etc. with the exception of checks for no more than \$50 payable to "petty cash." Such checks, after being approved by an authorized signer, will be cashed by the Bookkeeper and delivered to the office desk drawer for miscellaneous expenses.

6. If it is necessary to issue a duplicate check, a stop payment order will be placed with the Bank for all checks that are less than 6 months old and in an amount in excess of \$100.

D. BANK RECONCILIATIONS

1. The Bookkeeper is responsible for completion of bank reconciliations.
2. The Bookkeeper will ensure completion of the reconciliation of the monthly bank statement as soon as possible after month end, but in no event more than 30 days after month end.
3. The Treasurer will review bank statements and account records monthly.
4. On all checks outstanding over 180 days, the Bookkeeper in consultation with SC/ED should take appropriate action to resolve. Uncashed checks shall be treated as abandoned property in accordance with Section XVIII. of this policy.

V. PURCHASING

A. All expenditures must be reasonable. Any expenditure over \$1,000 must be approved by the Board, either as part of the annual budget or as a special expense, in advance of committing the Service to the expenditure. This approval will be documented in writing either by use of a purchase order or printed copy of a document or email. By authorizing the expenditure the Board is acknowledging that the purchase is reasonable and competitively priced. Expenditures are considered reasonable if they do not exceed what a prudent person would pay for the same item or service in similar circumstances. To ensure costs are reasonable the Service will make supplies and equipment purchases using the following guidelines.

1. For items or a group of like items costing between \$1,000 and \$10,000: The person requesting expenditure approval will ensure that their standard supplier of this type of item is providing the lowest cost by making price comparisons with two or more other leading suppliers of this item and by ensuring that the lowest-cost item is of comparable quality and that the supplier can provide comparable service. If there is only one available supplier an explanation will be included in the documentation.
2. For items or a group of like items costing between \$10,000 and \$25,000: the Service will research at least three different suppliers. If all other factors are equal, such as product quality and the ability to provide service, the Service will select the lowest-cost provider to make the purchase.

3. For items or a group of like items costing more than \$25,000: the Service will solicit competitive bids from at least two or more different suppliers. If all other factors are equal, such as product quality and the ability to provide service, the service will select the lowest-cost provider to make the purchase.

4. Any expenditure over \$500 that was not part of the approved budget requires Finance Committee approval prior to committing the Service.

5. The Service will document that this process was followed by retaining screen shots, correspondence, quotes and bids and filing those along with the final invoice and related paperwork.

B. Purchases under \$1,000 must be approved in advance by the SC/ED. This approval will be documented in writing either by use of a purchase order or printed copy of a document or email.

C. If a purchase is less than \$250, staff members authorized by the SC/ED may make the purchase. When this is done it is the responsibility of the person making the purchase to provide appropriate documentation supporting the purchase (receipt or invoice) to the SC/ED who will submit the purchase documentation along with evidence of advance approval to the Bookkeeper for payment and filing.

D. To facilitate the purchase of incidental services and supplies the Service will maintain a single, corporate credit card account. Individual credit cards attached to this account will be issued to the Board President, the SC/ED, and the Crew Chief. A fourth credit card may be issued to another Board member who handles such purchases as postage for donation thank-you notes, gifts for retirees, flowers sent for condolences, and other approved items. Each cardholder is responsible for maintaining the security of the card, obtaining any required pre-approval for expenditures using the card, and submitting all invoices and receipts related to the expense. In addition to this documentation, the account to be charged and purpose of expenditure must be indicated for each purchase. The purchasing requirements identified in sections V. A., V. B., and V. C. also apply to purchases made with a corporate credit card. The card may not be used for personal expenditures. Each month the credit card bill is received the SC/ED or designee will review and attach the documentation to the statement for each listed transaction and then turn the statement over to the Bookkeeper for entry into the accounting system and to generate a bill for payment. The credit card will be set up as a separate liability account and will be reconciled monthly by the Bookkeeper. The bill will then become part of the check run approval process. The credit limit for the account shall not exceed \$5000.

E. The Treasurer will work with the SC/ED to establish a list of approved vendors. The Treasurer will work with the Bookkeeper to establish and ensure adequate administration of all vendor accounts. All purchases using vendor accounts are subject to the preceding purchasing requirements.

VI. PAYROLL

A. TIMESHEETS

1. Each hourly and salary employee will be responsible for completing a detailed timesheet on a

weekly basis.

2. Completed timesheets will be dated and signed by the employee and will be submitted to the employee's direct supervisor or his/her designee by the end of the last working day of each pay period. No payroll checks will be issued without a completed timesheet.

3. Completed timesheets will be reviewed for accuracy and authorized by the employee's Supervisor or SC/ED. Authorization is evidenced by signature and date. The board authorizes the Board President, Treasurer, or their designee to review and approve the time sheets.

4. Employees will be paid semi-monthly; deductions are itemized on each paycheck.

B. PAYROLL

1. After reviewing all timesheets, the SC/ED will compile a Payroll spreadsheet to be submitted to the payroll Provider, with copies sent to the Bookkeeper, President, Treasurer, and their designee.

2. When the SC/ED receives the completed Payroll report from the Provider, including all other charges such as taxes and fees, the SC/ED will forward it to the Bookkeeper, President, Treasurer, and their designee. The Bookkeeper will record it in the accounting system.

3. Direct deposit of pay will be strongly encouraged. When a physical check is issued it will be delivered to the SC/ED who will hand deliver or mail to the relevant employee. Paper checks shall not be turned over to anyone except the person to whom it is issued without written authorization from the employee.

4. Terminated employees will be paid for their final wages and any accrued leave time on the next regular pay date.

C. PAYROLL TAXES

1. The Payroll provider will prepare and transmit the payroll tax withholdings, all Federal and State tax filings, and W-2 forms.

2. The Bookkeeper will verify payroll tax preparation and tax submissions on a quarterly basis and maintain copies of all reports.

VII. ACCOUNTS RECEIVABLE [reserved]

VIII. REVENUE & DONATIONS

A. Ambulance Run Revenue.

1. The lead person for each ambulance run completes a run report and submits the report to the Billing Agent within 24 hours of completion of the run.

2. The report will be available to the crew chief on a timely basis.

3. These reports are subject to HIPAA requirements and will be maintained in accordance with HIPAA confidentiality standards.

4. The Billing Agent initially bills the insurance company (either private insurer or Medicare) or the patient directly, in cases of no insurance coverage. Once it is determined how much the insurance pays, the Billing Agent invoices the responsible party for the balance. The Bookkeeper and the Treasurer will monitor the Billing Agent's reports on the status of claims and direct billings monthly. Payments received from the Billing Agent are recorded and deposited by the Bookkeeper. Any claims or invoices paid by an insurer or responsible party directly to the Service are recorded and deposited by the Bookkeeper, and the Billing Agent is notified.

B. All other revenue from operations is to be invoiced and adequate documentation regarding the Customer retained and filed. Any such revenue will be recognized in accordance with Generally Accepted Accounting Principles.

C. Unrestricted donations will be recorded in a separate general ledger account.

D. Restricted Donations will be recorded in a separate general ledger (GL) account. If the restricted funds have not been used for the restricted purpose or within the restricted time that extends beyond the fiscal year a Temporarily Restricted Net Assets GL account for each such donation will be established in the Equity section of the Balance Sheet. Funds will be released from restriction in the fiscal period when the purpose or time restriction has been met. If required, pledge accounts to record the net present value of pledges and an allowance for uncollectible pledges will be utilized.

E. All donations and revenue from fundraising events will be acknowledged and will include the IRS disclosure regarding the deductibility of the donation.

F. Gifts of stock will be recognized as donation income on the date ownership is transferred. The value of the donation will be the value on that date. Any gain/loss on the subsequent sale of the stock and any associated fees will be recognized when incurred accordingly. Generally, all such gifts will be sold as soon as possible, any decision to hold a stock gift as an investment must be approved by the Board. The proceeds of the sale will be placed in the operating or savings account for unrestricted use unless the gift is restricted by the donor. If the gift is restricted by the donor the proceeds will be placed in the savings account and reserved for the use intended by the donor. At year end the provisions of D. above will be followed if the funds have not been released from restriction.

IX. EMPLOYEE TRAVEL & EXPENSES REIMBURSEMENT

A. To be eligible for reimbursement, a crew member must have their travel plans and anticipated expenses approved by the SC/ED in advance.

B. The crew member must submit a reimbursement request along with receipts and other documentation to the SC/ED for review within 2 weeks after expenses were incurred. If expenses are consistent with what was previously approved, the SC/ED will approve the reimbursement request and forward it to the Bookkeeper for payment.

X. CONSULTANTS AND INDEPENDENT CONTRACTORS

A. It may be efficient and cost-effective to utilize consultants or independent contractors to meet short-term project goals or objectives. These services may include but are not limited to training, testing, peer review, communication, design, advertising and financial consulting. In all cases a review of internal capabilities to accomplish the needed services will be done before externally contracting for them. This review will include consideration of budget parameters, staff qualifications and skills, and time resources of employed staff.

B. Regardless of the amount to be paid, every effort will be made to ensure that the cost is market based and competitive. Further, a written estimate will be obtained prior to engaging the contractor as well as proof of liability coverage. Where possible, a list of potential providers will be compiled from public information sources, professional affiliations and community partner contacts, and a comparison of what similar services would cost in the same geographic area by similar providers (preferably 2-3 other providers) will be made and will be compared to what it would cost to perform the services in-house as well. This information will be reviewed with the objective to engage the most qualified provider at the lowest cost.

C. Written contracts clearly defining the work to be performed and any other terms and conditions, including invoicing for services, will be executed and maintained for all consultant and contract services which exceed \$1,000 in any fiscal year.

1. Consultant or contracted services for an amount up to \$5,000 can be authorized by the SC/ED if the expenditure is within budget. Any such expenditure which is over budget must be approved by the Board.

2. All consultant or contracted services in excess of \$5,000 must be approved by the Board.

D. Consultants or contractors that are contracted to develop or draft grant applications, or contract specifications, requirements, statements of work, invitations for bids and/or requests for proposals, shall be excluded from competing for such procurements.

E. Consultant or contractor services will be paid for as work is performed or as delineated in the contract.

XI. PROPERTY - EQUIPMENT

A. Equipment shall be defined as all items (purchased or donated) with a unit cost of \$5,000 or more and a useful life of more than one year. A single purchase of like items in excess of \$5,000 will be considered a single unit. All such purchases will be capitalized and depreciated in accordance with generally accepted accounting principles.

B. The SC/ED will maintain an inventory log; which shall list a description of the item, date of purchase or acquisition, acquisition cost or fair value of the item, source of funding, and its location. All items will be tagged to correspond to the inventory log and a physical inventory will be conducted annually.

C. The Bookkeeper will record equipment acquisitions and disposals in the accounting system.

D. All equipment should be secured and stored in the Service's facilities whenever possible. The SC/ED is responsible for maintaining procedures to ensure that the Service's facilities are securely locked during non-business hours and keys to the facilities are only issued to active employees and other authorized individuals. If equipment needs to be used outside the facilities, the employee is responsible for notifying the SC/ED and for providing safe and secure storage in their home or vehicle. The Service's facilities are defined to include the ambulances.

XII. LEASES – REAL ESTATE & EQUIPMENT

- A. The SC/ED will review and approve all equipment leases for equipment with a value up to \$5,000.00, any lease for equipment in excess of \$5,000 requires Board approval. Any decision to recommend an equipment lease will include a lease vs. buy analysis.
- B. All Real Estate leases shall require board approval. No rent will be paid without a signed agreement.
- C. The SC/ED will keep a copy of each lease and/or agreement on file.
- D. The Bookkeeper will be notified of each lease and the lease specifications, and will make any required journal entries.

XIII. INSURANCE

- A. Reasonable, adequate coverage will be maintained to safeguard the assets of the Service. Such coverage will include property and liability, worker's compensation, employee dishonesty, directors and officers, and any other insurance coverage deemed necessary.
- B. The SC/ED and BOD designee(s) will review insurance policies before every annual renewal.
- C. The SC/ED will maintain insurance policies in insurance files.
- D. The Bookkeeper will be notified of each policy and the payment schedules/invoices.

XIV. BUDGETS

- A. The Treasurer, SC/ED, and Bookkeeper will prepare the annual proforma budget as follows:
 - 1. First draft budget assumptions will be reviewed by the Finance Committee prior to the November board meeting, and the Finance Committee will make a recommendation for Board approval.
 - 2. First draft budget will be reviewed by the board at the November Board meeting. Second and final draft budget will be reviewed and adopted by the Board prior to the new fiscal year.
- B. In order to facilitate budget-to-actual comparisons, the Bookkeeper will ensure that the Board-approved budget is entered into the accounting system prior to the end of the first month of the new fiscal year.

XV. LOANS AND LINE OF CREDIT

- A. The Board of Directors must approve the establishment of and/or changes to any loans or lines of credit.

XVI. ANNUAL FINANCIAL STATEMENTS, TAX RETURNS, & AUDITS

- A. The Bookkeeper and Treasurer will prepare a year-end Financial Statement to be submitted

to the Service's accounting firm, and they will authorize the preparation of annual tax filings. The Board of Directors may also, at its discretion in any given year, authorize the accounting firm to prepare a Compilation, a Review, or an Audit for the Service.

- B. The annual IRS Form 990 will be reviewed by the President and the Treasurer before it is signed and filed with the IRS. Each Board member will receive a copy of the completed IRS Form 990.
- C. A copy of the Service's IRS Form 990 for the three most recent years and IRS Form 1023 shall be located at the Service's office for public inspection and/or copying. A copy of the current 990 will be available through the Service's website.

XVII. ABANDONED PROPERTY

- A. If the Service is in possession of abandoned property it will register with the State of Maine Division of Abandoned Property and make annual filings to report and remit items of abandoned property to the State.
- B. The Service will make every effort to deliver funds to the rightful owner prior to reporting them as abandoned property. If those efforts are unsuccessful, then accounts payable checks will be reported and remitted three years after date of issue and payroll checks will be reported and remitted one year after date of issue.

XVIII. RECORD RETENTION

- A. The Service will maintain a practice of filing and storing records to preserve items that are important to its on-going operations and to document its receipts and expenditures for current and future audits. Due to the nature of the Service's activities some of the records may be subject to the provisions of HIPAA. Any such records will be stored in a manner that is HIPAA compliant. Records may be stored as paper files or as electronic files, provided that adequate security is arranged for paper files and adequate security and back-up procedures are arranged for electronic files.
- B. Records that should be retained in permanent files include Articles of Incorporation, By-Laws, Board and Committee minutes, annual financial statements and audits, personnel files for current employees, rent or lease agreements, IRS non-profit certificate, IRS correspondence, tax returns, business permits, government contracts, loan and financing documents and any other documents identified as permanent by the Board.
- C. Records that should be retained for ten years include payroll records, expired insurance policies, expired rent or lease agreements, and worker's compensation documents.
- D. Financial records not identified as permanent or ten year retention and personnel files for terminated employees should be retained for seven years after the fiscal year end. If there is an open audit or unresolved litigation at the end of the seven year period, records should be retained until the audit or litigation is completed.

XIX. PERSONNEL FILES

- A. The SC/ED or their designee will maintain a personnel file for each employee, containing the signed compensation agreement, periodic performance reviews, and other appropriate financial documents such as approval of changes in compensation, an I-9 immigration form, and withholding forms for taxes, benefits, deferred compensation, and charitable contributions.