**[Nonprofit Organization Name] Finance Policy**

**Effective Date:** [Date]

**1. Purpose**

This finance policy is intended to provide clear guidelines for the financial management of **[Nonprofit Organization Name]**. The purpose is to ensure responsible stewardship of the organization’s financial resources, maintain transparency, and ensure compliance with applicable laws and regulations.

**2. Financial Oversight**

The **Board of Directors** is responsible for overseeing the financial health of the organization. The **Executive Director/Finance Officer** will manage day-to-day financial operations, including budgeting, record-keeping, and financial reporting.

**3. Financial Records and Reporting**

* **Accounting System**: **[Nonprofit Organization Name]** will maintain accurate financial records using a simple accounting method, such as cash-basis or accrual accounting, depending on the organization's size and complexity.
* **Monthly Reports**: The **Executive Director/Finance Officer** will provide the Board with monthly financial reports, including income, expenses, and balance sheets.
* **Annual Financial Statements**: The organization will produce an annual financial statement that summarizes the revenue and expenditures for the fiscal year. These statements will be shared with stakeholders, including donors and funders, as needed.

**4. Budgeting**

* **Annual Budget**: An annual budget will be prepared by the **Executive Director/Finance Officer** and presented to the Board for approval before the start of the fiscal year.
* **Budget Monitoring**: The budget will be reviewed regularly by the **Executive Director** to ensure that spending aligns with organizational goals and that adjustments are made as necessary.

**5. Internal Controls**

To ensure financial integrity, the following internal controls will be observed:

* **Separation of Duties**: Where possible, responsibilities for financial transactions (e.g., cash handling, record-keeping, and approval) will be divided between two or more individuals.
* **Authorization**: All expenditures must be approved by the **Executive Director** or designated Board member before funds are disbursed.
* **Receipts and Documentation**: Receipts or other documentation must be provided for all purchases or financial transactions, which will be retained for record-keeping.

**6. Bank Accounts and Cash Management**

* **Bank Accounts**: The organization will maintain one or more bank accounts for day-to-day financial activities. All accounts will be in the name of **[Nonprofit Organization Name]**.
* **Cash Handling**: Cash donations or revenue will be deposited into the bank account promptly and documented thoroughly.
* **Signatories**: The **Board Chair**, **Executive Director**, and **Finance Officer** will be designated signatories on the organization’s bank accounts.

**7. Fundraising and Grants**

* **Fundraising Revenue**: All fundraising activities will be conducted transparently and in compliance with applicable laws. Funds raised will be used for the purpose they were intended.
* **Grant Management**: When receiving grants or restricted donations, the organization will ensure funds are spent according to the donor or funder's guidelines, and regular reports will be submitted as required.

**8. Conflict of Interest**

Board members, staff, and volunteers must disclose any potential conflicts of interest related to financial decisions. Any financial decision where a conflict exists will be reviewed and resolved by the Board.

**9. Financial Audits and Reviews**

* **Annual Review**: An external review or audit will be conducted annually if the organization’s revenue exceeds a threshold determined by the Board or funders. If external audits are not feasible, the organization will perform an internal review of its financial processes.
* **Compliance**: The organization will comply with all federal, state, and local tax regulations, and will file tax returns in a timely manner.

**10. Use of Funds**

Funds received by **[Nonprofit Organization Name]** will be used solely for the purpose of fulfilling the mission and goals of the organization. Personal use of the organization’s funds is strictly prohibited.

**Signatures**

By signing below, I acknowledge that I have read and understood the finance policy of **[Nonprofit Organization Name]** and agree to adhere to its terms.

**Executive Director Name:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
**Signature:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
**Date:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Board Chair Name:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
**Signature:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
**Date:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_