LITTLETON PUBLIC SCHOOLS FOUNDATION
FINANCIAL MANAGEMENT POLICIES AND PROCEDURES
Approved 3.2.17

1. GENERAL PURPOSE

The purpose of these policies is to establish guidelines for developing financial goals and objectives, making financial decisions, reporting the financial status of the Foundation, and managing the Foundation's funds.

2. FINANCIAL RESPONSIBILITIES

It is the responsibility of the Board of Directors to formulate financial policies and review operations and activities on a periodic basis. The Board has delegated this oversight responsibility to the Finance Committee. This responsibility is shared with the Foundation's Director, in accordance with and subject to the Executive Director's employment agreement and job description.

The Foundation Executive Director acts as the primary fiscal agent for the Foundation, implementing all financial policies and procedures. The Foundation Executive Director, with the oversight of the Finance Committee and subject to the approval of the Board, is responsible for the coordination of the following: Annual budget development and presentation, selection of the outside auditors, and approving revenue and expenditure objectives in accordance with the Board approved annual budget. Management of the Endowment is delegated to the Finance Committee in accordance with the terms of the Endowment Agreement.

The Executive Director, with the assistance of the Treasurer and oversight by the Finance Committee, has the day-to-day operations responsibility for managing Foundation funds, ensuring the accuracy of the accounting records, internal controls, financial objectives and policies, financial statement preparation, bank reconciliation review and approval, and preparation and filing of required IRS forms including Form 990 and 1099.

3. CONFLICT OF INTEREST

Members of the Board of Directors are prohibited from activities that might present conflicts of interest. The definition of what constitutes a conflict of interest and the requirements imposed upon members of the Board in connection with potential and actual conflicts of interest are outlined in the Foundation's Conflicts of Interest Policy, which each Board member is required to review, acknowledge and commit to annually.

4. BUDGETING PROCESS

The Foundation's Executive Director with the assistance of the Treasurer and Finance Committee will prepare a draft annual operating budget for submission to the Board of Directors for approval prior to the end of each fiscal year. The Board of Directors must approve the final budget adopted for each fiscal year.

5. FINANCIAL STATEMENTS

The Foundation's financial statements shall be prepared on an accrual basis in accordance with Generally Accepted Accounting Principles ("GAAP").

The Executive Director shall prepare quarterly financial statements for the Treasurer to present for board review. The statements shall be presented to the Treasurer and the Finance Committee for review the month following the end of the quarter.

6. RESERVE FUND

A reserve fund, in an amount equal to one-quarter to one-third of the Foundation's annual operating expenses, shall be maintained in a manner that provides liquidity within not more than 30 days. When the fund balance falls below this minimum, the Finance Committee and the Board shall develop a plan and budget for rebuilding it.

7. AUDIT

The Foundation will have an audit of its financial statements annually, within 5 months of the end of each fiscal year. The audit shall be completed by a firm of independent Certified Public Accountants. The Foundation Executive Director shall have direct responsibility in overseeing the implementation of the annual financial audit, with assistance as may be requested from, the Treasurer or Finance Committee.

The Treasurer shall report the final results of the audit to the Board of Directors. A representative of the audit firm shall be invited to attend the annual presentation to the Board, and shall be required to make a presentation to the Board if the audit report is other than unqualified, or if the auditor's report material weaknesses in internal controls or reportable conditions.

The Executive Director, with the assistance of the Auditor, shall prepare the annual Form 990. The annual Form 990 shall be reviewed by the Executive Director and the Finance Committee before submission to the IRS.

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8. REVENUE AND INCOME PROCEDURES
The Executive Director and the Finance Committee shall work in conjunction with the Fundraising Committee to develop and propose revenue goals and objectives to be incorporated in the annual budget. All contributions, donations and gifts to the Foundation shall be recorded in accordance with Generally Accepted Accounting Principles (GAAP).

9. RECORDING RECEIPTS
Mail shall be opened by either the Executive Director or the Administrative Assistant. All checks shall be endorsed with the Foundation's official stamp. All cash and checks received through the mail shall be forwarded to the bookkeeper. The bookkeeper records all checks and cash by date, name of company or individual, designation, and amount. A deposit form shall be prepared detailing all checks and cash by date, name of company or individual, amount and deposit date. A copy of the bank deposit slip is retained in chronological order with copies of the deposited checks. All cash and checks shall be deposited in a timely and prudent manner into the appropriate Foundation bank account.

Gifts received electronically, such as on-line contributions, should be properly recorded by the Executive Director or Administrative Assistant and detailed on a report listing date, name of company or individual, designation, and amount. The bookkeeper shall make the appropriate entries in the organization's accounting software. The bookkeeper shall reconcile all logs of incoming cash/checks with the deposit slips, and with the record of receipts maintained by the Executive Director.

10. RECEIPTS TO DONORS
The Executive Director shall ensure that all donors and contributors receive proper acknowledgement of their contributions in accordance with IRS Guidelines.

11. EXPENDITURES PROCEDURES
All invoices and expenditures directly related to the approved annual budget shall be approved by the Foundation's Executive Director or any member of the Executive Committee to include the President, Vice President, Treasurer, Secretary or the Immediate Past President. All invoices or expenditures that fall outside the approved annual budget must be approved by the full Board of Directors.

Following the review and approval of an invoice, the invoice shall be forwarded to the bookkeeper for preparation of check payment. Upon payment of an invoice, a copy of the check or duplicate of stub shall be stapled onto the invoice and filed according to company/individual name and shall be kept on a fiscal year basis in the Foundation's office.

12. SIGNATURE POLICY
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Checks in payment of an approved invoice may be signed by any of the following: Executive Director, President, or Treasurer. However, the person who authorized the payment cannot sign on the same check that they approved. The Foundation shall maintain its accounts in financial institutions that are federally insured and any person holding an Executive Committee position within the Foundation and is employed by the financial institution shall not be permitted to be an authorized signer on the account.

13. COMPENSATION AND PAYROLL

The Board shall establish and approve the annual compensation package, including annual salary and benefits, as well as any performance bonus, for the Executive Director of the Foundation, which shall be incorporated in the annual budget approved by the Board. Because Foundation staff members, including the Executive Director, are considered employees of the Littleton Public Schools District, they are all paid in accordance with the District's payroll practices and procedures. The President shall provide to the District's Human Resources/Payroll office the annual compensation package approved by the Foundation's Board, and shall periodically review the payroll records to ensure that payroll payments made to Foundation employees is consistent with the approved compensation levels. Monthly payroll expenses incurred by the District on behalf of the Foundation shall be verified by the bookkeeper against payroll reports and direct deposit reports and reconciled with checking account reports, and reimbursed monthly by the Foundation to the District. The compensation of the Executive Director shall be determined by the Board of Directors, based on a board-approved process that considers the Foundation's available and projected resources, comparable data, and the Executive Director's performance.

14. LOCAL TRAVEL AND EXPENSE REIMBURSEMENTS

Employees must abide by the Foundation's Travel and Expense policy.

15. CREDIT CARD EXPENDITURES

Credit cards may be issued to the Executive Director and Administrative Assistant for use in paying expenditures associated with day-to-day operations or event expenditures of the organization. Employees must utilize credit card expenditures only for business purposes in accordance with the approved budget. Employees must submit a receipt that explains the business reason for items purchased using the credit card.

16. PURCHASING

LPSF's expenditures represent a tangible display of our operations and activities to our funders and to the public. Procurement practices must be handled with due care and in an ethical manner. Any major expenditure for the purchase of a single item should follow a bid process to ensure competitive pricing is obtained. All bids shall be reviewed and approved by the Executive Director and the bid award must be in accordance with the approved budget. Purchase of an item for an amount less than a previously approved

amount may be made at the discretion of the Executive Director without competitive bids. However, for fixed assets, reasonable diligence should be exercised to comparatively shop for available sources. Any purchase made by a Board member on behalf of the Foundation will require prior approval by the Executive Director.

17. LEASES AND OTHER CONTRACTUAL AGREEMENTS

The Foundation conducts its operations from facilities located within the administrative offices of the Littleton Public Schools District. This space is donated to the Foundation by the District. The Executive Director shall ensure that the Foundation's financial statements properly reflect the Foundation's receipt of donated space. The Foundation's contractual agreements within the approved budget shall be negotiated by the Executive Director, with the advice and assistance of the Executive Committee or advisors as needed. Contracts outside the approved budget may only be executed with the approval of the Foundation's Board of Directors.

19. BANK ACCOUNTS AND INVESTMENT ACCOUNTS

The Executive Director shall maintain and oversee the Foundation's bank and investment accounts, and ensure the Foundation's day-to-day financial operations. Several accounts may be maintained by the Foundation as follows:

1. Checking Account
2. Money Market Account
3. Certificates of Deposit
4. Brokerage Account

These accounts may be changed as the Foundation's financial conditions and requirements change. The Endowment, and the investment accounts maintained to house the Endowment funds, shall be maintained and administered in accordance with the Endowment Agreement.

20. CHECKING ACCOUNT

All checks, cash, money orders, and credit card deposits, shall be reviewed by the Executive Director and deposited in the appropriate Accounts. Proceeds from fundraising events, individual and corporate donations and miscellaneous contributions, shall be deposited directly into the appropriate accounts. Monies shall be transferred from the checking account into a savings, money market or other investment account when determined advisable by the Executive Director with guidance from the Treasurer.

21. BANK RECONCILIATIONS

Bank reconciliations shall be completed monthly with oversight by the Executive Director and cross referenced with the cash and receipts logs and the monthly Financial Statements. The Financial Statements shall be compiled by the Executive Director, and presented to the Treasurer for review. All Bank Statements and Credit Card Statements

will be reconciled every month by the Executive Director and the Endowment Fund Reports every quarter. All records will be kept in the Foundation's office.

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of six months or less. The Foundation will place its temporary cash investments with highly rated financial institutions. The Executive Director shall closely monitor the balances of the Checking account, Money Market and Certificates of Deposit accounts. At times such investments may be outside of the FDIC insurance limit, in which case the Executive Director will consult the Treasurer and Finance Committee on appropriate movement of funds to ensure proper coverage.

23. PETTY CASH

The Foundation generally does not have the need for a petty cash fund, but for special fundraising events may provide and maintain petty cash of up to Five Hundred ($500.00) as needed for the purposes of the particular event. The Executive Director or the Executive Director's designee shall maintain control of, and responsibility for, payments disbursed from the Petty Cash fund during the event, and shall provide a written reconciliation of the petty cash fund at the end of the event. Double signature is necessary for verification of funds once such event is completed.

24. INVESTMENT REPORTS AND INVESTMENT POLICY

Investments shall be reported with the quarterly financial statements at cost or market value. The Executive Director and Treasurer, with oversight of the Finance Committee, shall review and determine the general investment strategy for all funds. However, the investment strategy for and management of Endowment funds shall be as set forth in the Endowment Agreement. The philosophy of the Foundation's short-term investments is safety of principal and liquidity. Acceptable investments for short-term investments shall be: Certificates of Deposit and Bankers Acceptances rated A1; Domestic Corporation Commercial Paper rated A1 and/or P1 by two (2) major rating services; all short-term Securities of the U.S. Government or a Foundation thereof.

The Endowment Fund investment strategy shall be reviewed and evaluated by the Finance Committee annually, to ensure the portfolio's proper management in accordance with the Endowment Agreement. All financial institutions involved with the management of the Endowment fund shall be selected and approved by the Finance Committee in accordance with the requirements of the Endowment Agreement.

25. INSURANCE

Reasonable and adequate coverage will be maintained to protect the Foundation's interests as well as the Board of Directors and the Foundation's employees. The following insurance policies shall be kept on a yearly basis: Directors and Officers Liability Insurance. For so long as the Foundation's employees are treated as employees of the District and compensated under the District's payroll systems, all insurance related to the Foundation's employees (such as workers compensation, bonding, disability, medical, and dental insurance, etc) will be provided and maintained by the District and reimbursed to the District by the Foundation. Insurance coverage and premiums shall be carefully reviewed by the Executive Director and Finance Committee before renewal each year.

26. PROPERTY AND EQUIPMENT

Personal property and equipment owned by the Foundation shall be stated at historical cost. Depreciation is computed over the estimated useful lives of the assets using the straight-line method. A depreciation schedule shall be prepared and maintained by the Foundation's Executive Director on an annual basis, taking into consideration the annual equipment inventory.

27. EQUIPMENT INSTALLATION

Purchase, installation and maintenance of office equipment, computer equipment, etc. shall be approved by the Executive Director. Such purchases in any event shall be in accordance with the Foundation's approved budget. Foundation employees shall be responsible for the proper use of equipment installed in their offices.

28. DONATED MATERIALS AND SERVICES

Donated materials and equipment shall be reflected in the Financial Statements at their estimated values measured on the date of receipt. Volunteers donate time and services to the Foundation's operations, administrative functions and fundraising activities on an ongoing basis. Such contributed services are generally not reflected in the Foundation's financial statements, when there is no objective way of assessing their value.

29. CONFIDENTIALITY AND RECORDS SECURITY

The Foundation's financial and donation records are confidential and proprietary property of the Foundation, and access to those records should be limited to the Foundation's Board and Officers, Executive Director and staff, committee members, Accountant, and other designated professional agents. The Executive Director and office staff shall take appropriate precautions to protect the confidentiality of the Foundation's proprietary records.

30. DOCUMENT RETENTION

Financial documents should be retained for a period of time in keeping with applicable Colorado law and the recommendations of the IRS.

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31. TAX REPORTING

The Foundation is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code as amended. Accordingly, no provisions for income taxes shall be reflected in the financial statements. Form 990 and other forms required by the IRS shall be filed annually.

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