



Fiscal Policy and
Procedures Handbook
2023-2024

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Section One: Federal Grant Cash Management

Purpose

This policy is to set appropriate standards for cash management of federal grant funds that comply with federal control area standards.

Policy

This policy addresses the following elements of federal cash management: the limitation of drawn funds to the minimum amount needed to cover allowable project cost, the timing of fund drawdowns in accordance with cash requirements for carrying out projects, and assurances funds are not used to cover future expenditures outside of allowable timeframes in unusual circumstances. This section also includes detailed procedures for carrying out and documenting drawdowns from the Payment Management System.

- 1.) Funds drawn down from the Payment Management System (PMS) will be limited to the minimum amount needed to cover allowable project expenses. In general, NEON will conduct drawdowns on a reimbursement basis. In the event of an unusually large upcoming expenditure or unusual circumstance, NEON will ensure that any funds drawn down are expended within 3 days of receipt. NEON will never hold federal funds for future needs, use federal funds to cover expenses for projects outside of allowable grant scope, or project costs beyond a 3-day allowable window.
- 2.) Federal Fund Drawdown Amount Determination: Prior to each drawdown, the designated NEON staff member will fill out a NEON monthly drawdown spreadsheet ("tracker") for each active federal grant award to be drawn. The spreadsheet consists of the amount of federal funds obligated by line item during the prior 30-day period, the total grant year to date amount obligated, and the total budget amount projected for the grant year to date. The final column in the spreadsheet calculates the percent variance from budget to actual, to assist in monitoring of cash flow and expenditures. Also entered into the spreadsheet is revenue drawn down to date, indirect cost amount and cost basis, and the beginning fund balance for the date the spreadsheet is created. Based upon these data points, the spreadsheet formulas calculate the amount of drawdown needed to cover expenses incurred during the prior month. Following the creation of this spreadsheet, the drawdown will be carried out in accordance with the following Payment Management Drawdown Procedure in the amount indicated in the monthly drawdown spreadsheet.
- 3.) Expenses for each federal grant will be paid as they are incurred, utilizing cash on hand from nonfederal and non-restricted sources. Funds that are

drawn down will be based upon actual expenses incurred in the prior month and will be allocated to the appropriate grant fund to cover those expenses after the fact.

- 4.) Because expenses will be paid as incurred and covered with nonfederal, non-restricted cash on hand, no federal funds will be drawn down to cover future expenses outside of the allowable 3 day window, but only expenses incurred in the month prior to the drawdown being completed.

Drawdown and Cash Management Procedure

When NEON seeks to draw down federal funds, the following procedure will be followed to ensure that the justification for the draw is properly documented and that the expenses drawn are error free.

1. On approximately the 15th of every month, the Executive Director or designee will review the expenditures documented in QuickBooks for each active federal grant in the prior month. Review will be for accuracy, proper allocation, and allowability. They will also access the Payment Management System and pull a current grant balance report.
2. The staff person doing the draws will copy the prior month's expense tracker spreadsheet for each active grant to create a new copy for the month of expenses being drawn. The tracker is designed to calculate the amount of each draw, as well as grant year to date budget variances. It also includes notes and calculations of Modified Total Direct Costs and Indirect Costs to be drawn.
3. The staff person will update the date, PMS balance from the balance report, and both monthly and grant year to date expenses from QuickBooks for grant expenses on each tracker.
4. The staff person will update the formula in the projected need column for the numeric month of the grant year, to calculate how much would be spent in each category through the end of the current month if expenses were divided evenly.
5. Staff will review the variance column to see if each category is under or overspent, and ensure that the variance is reasonable given all known spending trends and needs (including expected seasonal variation, large purchases, etc.).
6. Staff will review the beginning balance calculation, which shows whether documented Year to Date expenditures have changed since the prior month, to ensure that the balance is reasonable and minimal. If the balance is more than a nominal amount, exploration of costs will be undertaken to ensure that the balance is not based on an expense error in prior months.

7. Staff will also review the year-to-date transactions to ensure that there are no contracts with over \$25,000 paid in the current grant year. If there are, then the amount over \$25,000 will be noted and subtracted from the Modified Total Direct Costs in both the monthly and grant year to date columns.
8. When trackers are finalized for all active federal grants, the staff person will request that another staff person with familiarity with the draw process double check and verify that the draw forms look complete and accurate.
9. Following approval, the staff person completing the drawdowns will log into PMS and complete the monthly payment request for all active grants. The staff person will print the confirmation screen to PDF and place the PDF in the weekly fiscal folders.
10. The operations coordinator will complete the corresponding deposit forms and submit them into the weekly accounting process. Deposit of funds will be confirmed through bank account activity reports, reviewed weekly.

References

Uniform Grant Guidance Sample Policies/Procedures:

<http://file2.pasbo.org/handouts/UniformGrantGuidance/SamplePolicies.pdf>

45 CFR 75 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards: <https://www.gpo.gov/fdsys/pkg/CFR-2015-title45-vol1/pdf/CFR-2015-title45-vol1-part75.pdf>

Section One Revision History

Version	Date	Revisions	Author	Approval Date
1	2/23/17	Original Policy	Lisa Ladendorff	2/23/17
2	4/10/18	Included federal human trafficking policy requirements, and Civil Rights policy.	Eric Griffith	4/10/2018
3	8/23/23	Adjusted to adhere to Financial Management Requirements. Clarified monthly vs 30-day timeframes, moved legislative mandates and civil rights to Section 16 and added detail on PMS Drawdown Procedures	Liberty Avila	Board Approved on 9.8.23

Section Two: Annual Audit, Review, and Submission

Purpose

To establish a policy for the practice of conducting a review or audit of NEON's fiscal records, systems, and processes, in compliance with OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)¹, and superseding Circular(s) No. A-122, A-133², Generally Accepted Accounting Principles³, and other state and federal regulations.

Policy

The scope of the policy will outline the determination of whether NEON will require a regular audit or single audit, the creation of the Schedule of Expenditures of Federal Awards (SEFA), the selection process for the auditing firm, and the submission of single audits to the Federal Clearinghouse website. It is NEON's policy to conduct an audit, either regular or single, every year.

While audits will be completed annually, ensuring that all fiscal processes are in compliance with federal regulations is the first goal of NEON staff involved in fiscal operations throughout the year. Before starting the annual audit process, NEON staff will ensure that all needed entries for the prior fiscal year are posted and that the QuickBooks file is error-free.

At the end of each Fiscal Year⁴, the contracted accounting firm and/or designated consulting accountant will work with the NEON Operations Coordinator and the Executive Director to prepare for the audit process and create a detailed plan and timeline. This process will include an initial determination of whether NEON is likely to meet expenditure requirements for a single audit. NEON's designated accountant will prepare a SEFA and financial statements for the Fiscal Year, to be reviewed by the Executive Director. At this time, the Executive Director will make a final determination of whether a Single Audit is required to be performed in accordance with the Single Audit Act for fiscal years with expenditures under federal awards of \$750,000 or more.

If an audit firm needs to be identified, the Executive Director will meet with NEON's Board of Directors (BOD) to request the hiring of an independent CPA firm to conduct the Fiscal Year audit. The choice of firm is based upon availability, professional and peer evaluated reputation, and information provided by the Nonprofit Association of Oregon. The Executive Director will request a timeframe for the BOD to complete the selection process. Once a firm is selected, the NEON Executive Director will sign the auditing firm engagement letter. If the auditor's work is satisfactory and cost-effective, the auditor does not need to be reselected yearly once engaged.

Once the audit engagement letter is signed, NEON staff will work with the contracted accounting firm to provide timely and robust responses to any audit requests and make all efforts to ensure that the audit process runs smoothly and efficiently.

Upon completion, the audit will be presented to the Board of Directors, and any audit findings⁶ will be reported and detailed. A review of the fiscal records will be given, and the auditor will share his opinion as to NEON's fiscal position, fiscal systems and processes. The auditor will also be expected to advise and/or make recommendations, based upon any findings. If required, NEON Operations Coordinator and Executive Director will make an audit action plan as needed to follow up on any recommended actions. The Board will be notified of audit action plan and completion of items as they take place.

When the Fiscal Year expenditures require that a single audit is necessary, the auditing firm hired will compile the necessary documents and reports required for submission to the federal clearinghouse website and NEON will submit all required documents to the federal clearinghouse within the earlier of 30 days after receipt or nine months after the Fiscal Year ends. If it is determined that a single audit was not necessary, NEON will submit a letter to HRSA stating that a single audit was not required.

Audit Procedure

- 1) At the end of each Fiscal Year⁴ (Fiscal Year), the contracted accounting firm and/or designated consulting accountant works with NEON Operations Coordinator and the Executive Director to prepare for the audit process.
- 2) The first step is to ensure that the Fiscal Year fiscal documents (books) are in order and error free. NEON's designated accountant then proposes all Fiscal Year closing entries. Following NEON review and approval, the contracted accounting firm or designated accountant enters all Fiscal Year closing entries.
- 3) NEON's designated accountant will prepare a SEFA for the Fiscal Year, to be reviewed by the Executive Director, to determine if an audit is required to be performed in accordance with the Single Audit Act for fiscal years with expenditures under federal awards of \$750,000 or more.
- 4) The designated accountant will create the financial statements and the auditor will finalize the notes for the fiscal year, to be reviewed by the Executive Director and NEON's accountant prior to beginning the audit.
- 5) The auditor selected will work with NEON staff, examining fiscal documents, bank statements, payroll records, tax records, and all other requested documents. This process will properly review NEON's fiscal capabilities and satisfy the requirements of the audit, whether a regular audit or single audit

- 6) The Fiscal Year audit will be presented to the Board of Directors, and any audit findings⁶ will be reported and detailed. A review of the fiscal records will be given, and the auditor will share his opinion as to NEON's fiscal position, fiscal systems and processes. The auditor will also be expected to advise and/or make recommendations, based upon any findings. The NEON Board votes to approve the audit. NEON Operations Coordinator and Executive Director will make an audit action plan as needed to follow up on any recommended actions. The Board will be notified of audit action plan and completion of items as they take place.
- 7) When the Fiscal Year expenditures require that a single audit is necessary, the auditing firm hired will compile the necessary documents and reports required for submission to the federal clearinghouse website.
- 8) NEON will submit all required documents to the federal clearinghouse within the earlier of 30 days after receipt or nine months after the Fiscal Year's end.

Definitions

¹ OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance): Code of Federal Regulations, for federal grants and agreements.

² Circular No. A-122, A-133: United States federal government guides created by the Office of Management and Budget (OMB) and used in auditing federal assistance and federal grant programs, as well as their respective recipients. It is considered to be the most important tool of an auditor for a Single Audit.

³ Generally Accepted Accounting Principles (GAAP): a common set of accounting principles, standards and procedures that companies must follow when they compile their financial statements. GAAP is a combination of authoritative standards (set by policy boards) and the commonly accepted ways of recording and reporting accounting information. GAAP improves the clarity of the communication of financial information.

⁴ Fiscal Year: a 12-month period over which a company budgets its spending. A fiscal year does not always begin in January and end in December; it may run over any period of 12 months. The fiscal year is referred to by the date in which it ends.

⁵ Single Audit: a rigorous, organization-wide audit or examination of an entity that expends \$750,000 or more of Federal assistance (commonly known as Federal funds, Federal grants, or Federal awards) received for its operations.

⁶ Audit Finding(s): a significant or insignificant issue(s) identified during the audit (such as non-compliance with Terms and Conditions in an award or grant), Internal Audit classifies the issue findings. Findings include criteria or basis for determining that a problem does exist, a condition or situation that was observed,

the effect or impact of the condition, and the root cause of the problem to the extent that it can be determined. Findings should result in recommendations that resolve the issue and are helpful to management.

References

<https://www.gpo.gov/fdsys/pkg/CFR-2016-title2-vol1/xml/CFR-2016-title2-vol1-part200.xml>

Generally Accepted Accounting Principles - GAAP

<http://www.investopedia.com/terms/g/gaap.asp#ixzz4ZdZkqOmr>

http://www.investorwords.com/1984/fiscal_year.html

https://en.wikipedia.org/wiki/Single_Audit

<https://www2.fin.ucar.edu/faqs/ia/what-audit-finding>

Section Two Revision History

Version	Date	Revisions	Author	Approval Date
1	1/30/2017	Original Policy	Debra Smith	1/30/2017
2	2/22/2018	Revision to section 2 and section 6	Eric Griffith	2/22/2018
3	1/11/2021	Revision to separate duties of contract accountant and staff	Liberty Avila	1/11/21
4	8/23/23	Adjusted to adhere to Financial Management Requirements. Clarified roles of contracted account firm and auditing firm, and added detail on audit procedures	Liberty Avila	Board Approved on 9.8.23

Section Three: Internal Accounting and Fiscal Systems

Purpose

The purpose of this policy is to set forth appropriate Standards of Practice to establish sound fiscal management and provide mechanisms for internal controls at all levels of operations within the organization. These controls will provide oversight of daily financial activities for the protection of Northeast Oregon Network, its programs and staff, by avoiding misuse, mishandling and fraud of the monies entrusted to NEON. All fiscal policies and procedures are enacted under the scope of NEON's mission, vision and guiding principles and are intended to support efficient and effective NEON operations.

Policy

This policy is intended to outline NEON's internal accounting processes and staff and accountant roles in fiscal operations. This will include the ability to report revenue and expenditures separately by federal grant, identification in the chart of accounts, and the process of maintaining all fiscal records.

NEON operates an internal accounting system with strong internal controls to ensure proper expenditure, identification, and documentation of federal funds. All transactions, revenue or expenditures, are recorded using appropriate, fillable PDF forms with allocations and attached source documentation in order to ensure that all federal grant funding is properly allocated in QuickBooks to specific grant programs using the QuickBooks Class system.

The NEON accountant will maintain designations for all federal funding, and associated programs within organizational QuickBooks "company" chart of accounts and class lists, in order to properly record all revenue and expenditures by grant program. All accounts and classes for federal grant awards will be designated using agency, project, and grant number identifiers.

Internal Controls used by NEON:

- NEON engages a contracted accountant, who is responsible for entering financial data and creating vendors/accounts in the NEON accounting system. This accountant is not a signer on NEON bank accounts. The accountant makes all entries and runs payroll operations at the direction of NEON staff, using documentation and expense/revenue allocations submitted by NEON.
- The Executive Director or other authorized NEON employees without access to enter financial data or create vendors/accounts to the NEON accounting system will be responsible for any payments or transfers that are made through Electronic Funds Transfer.

- All transactions and purchases made by NEON staff of \$50 or more will need prior approval from a program manager or director, with written documentation via the expense approval form.
- The NEON accountant will use approved, revenue and expenditure documentation, to enter all transactions into QuickBooks, using the detailed chart of accounts system, to designate federal grant program allocations.
- The purchaser and a NEON bank account signer will be responsible for signing a completed expense form with the transaction receipt for all purchases, confirming that the proper grant fund and program were used for allocation.
- The NEON accountant will be responsible for entering all transactions within 2 business days of receiving expense forms, and will be responsible for printing all checks.
- Two leadership staff members will need to sign all printed and written NEON checks. If the expense is over \$500, one of the signers must be the Executive Director, Program Director, or Board Chair.
- Corrective Journal entries will be made by the NEON accountant as requested by NEON staff, and will be reviewed and approved by NEON's ED on a quarterly basis.
- Blank checks will be kept in a secure location within the office of NEON's accountant. NEON staff will regularly examine check numbers and transactions to ensure that checks are accounted for and numbers are sequential.
- Bank statements will be saved in electronic format in the NEON accounting files with will be reviewed by the Operations Coordinator, who is familiar with NEON financial systems but is not a check signer. They will be sent to the NEON Accountant for reconciliations. The NEON accountant is not a check signer. All reconciliations will be approved by the Executive Director or designated NEON staff member.
- NEON has staff designated as backups for all fiscal duties and responsibilities. The designated backups will be responsible for fulfilling fiscal duties when and if the primary incumbent is unavailable. These staff will receive fiscal training from the Executive Director and Operations Coordinator, including compliance with federal policies and requirements.
- The NEON management team will track usage and application of the set internal control procedures to assure that systems remain in compliance with all applicable guidelines. Management will continue to add and make necessary changes to the procedures.

Maintenance of Records: All entries into QuickBooks will be requested by NEON to the contracted accountant through the use of fillable electronic expense and

deposit forms, as well as grant-allocated timesheets. These forms clearly list requested grant class allocations for each expense or income transaction. Source invoice, receipt, contract, or other documentation will be attached to the electronic form. All financial accounting and transaction records will be maintained in a secure, backed up cloud server, both in a shared file with the NEON accountant and a separate secure fiscal file. These will include all receipts and disbursements, assets, expenditures, income, and interest. Federal grant award documentation will be stored electronically, with folders categorized by specific grant, for a minimum of five years after the end of the grant program. These records will include all award notices and submitted reports, which include authorizations, obligations, and unobligated balances.

Weekly Accounting Procedures

1. Itemized receipts must be included with all expenditure authorizations. All expenses \$50 or more should be pre-approved by a program coordinator. The pre-approval can be verbal or communicated by email. All expenses \$500 or more must be pre-approved by a program manager or the Executive Director.
2. The NEON Executive Director downloads weekly copies of the bank activity reports, using the NEON banking institution website, for use of Operations Coordinator, to track any ACH expenditures or deposits.
3. NEON program coordinators and managers compile program specific invoices and credit card receipts weekly, then create expense forms. The expense forms are submitted for review in the designated ShareSync folder by Monday afternoon each week.
4. The Operations Coordinator reviews all expense form submissions and moves the expense forms from the fiscal folder to the approval subfolder in the current FY folder.
5. The Operations Coordinator compiles all operational invoices, credit card receipts, and monthly bills, received by mail, or email, using bank activity reports and credit transaction records, for crosschecks, and creates expense forms, before review takes place on Tuesday of each week.
6. The Operations Coordinator compiles all submitted expense forms in the appropriate approval folders, i.e., checks, credit card entries, eft entries, and will again check each expense for errors, before requesting expense approvals from the designated account signers. The Operations Coordinator checks the OHA payment website each Tuesday, and creates a copy of new ACH items, to track payments for OHA specific programs.
7. The Operations Coordinator compiles the weekly deposits for all check payments in the Current FY "Needs Deposit" sub-folder, each week.

8. The Training Program Coordinator initiates PayPal and Stripe ACH payments to NEON monthly and creates deposit forms for review of Operations Coordinator in the Staff Fiscal folder.
9. Each Tuesday, the Operations Coordinator checks for training revenue deposits in the Staff fiscal folder. After review, they move them to the current FY folder, in the “Needs Approval subfolder.
10. The Operations Coordinator creates deposit forms for all remaining weekly deposits, attaching the appropriate invoice, grant contracts, and drawdown statements, and saves them in the current FY folder in the “Needs Approval” subfolder, before requesting expense approvals from the designated account signers.
11. Designated account signers will review and approve all expenses and deposits.
12. The Executive Director will review all expense and deposit submissions after approval, to check for errors.
13. The Operations Coordinator creates a new subfolder, dated for the month and week inside “Weekly Transactions”, within the NEON current FY folder in ShareSync, and then moves all approved expense forms and deposit forms to the appropriate categories: Checks, CC entries, Deposits, and EFT entries.
14. The Operations Coordinator creates a copy of the weekly transactions file, and then a dated, weekly-fiscal-submissions subfolder, in the designated accountant’s ShareSync folder, and adds a copy of all expenses and deposits for the use of the NEON accountant.
15. The Operations Coordinator sends an email to the accounting firm representative responsible for NEON transaction entries, to let them know NEON’s weekly process is complete, listing the number of files for each type of transaction. The Operations Coordinator includes CC to the Executive Director and the managing partner of the accounting firm.
16. The NEON accountant will then enter the credit card, EFT, deposits, and draft check expenses into the NEON QuickBooks file, accessed through the Right Networks portal, and then prints the checks requested.
17. The NEON accountant emails the NEON Operations Coordinator once the checks have been printed and are ready to be picked up.
18. The Operations Coordinator travels to the NEON accountant’s office to pick up the printed checks.
19. The Operations Coordinator passes the printed checks to the Executive Director for signature, and then a second signer is given the checks for signature.

20. After each check receives two signatures, the Operations Coordinator makes electronic copies of all signed checks and saves them in the current FY ShareSync sub-folder “Check Scans”.
21. The Operations Coordinator processes checks, mailing all check payments, and directly distributing any reimbursement checks to in-house staff members.
22. The Operations Coordinator files all paper check stubs in the locked, fiscal file cabinet.
23. The Operations Coordinator logs into the NEON QuickBooks file, accessed through the Right Networks portal, and runs transaction reports to check the accuracy of the NEON accountant’s transaction entries.

References

2 CFR 200.303 -- Internal controls. – eCFR <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/section-200.303>

Section Three Revision History

Version	Date	Revisions	Author	Approval Date
1	3/1/11	Original Policy approval, revisions made by Tayde McAndie after suggestions made by Board at Board meeting 3-1-2011	Tayde McAndie	3/1/11
2	2/26/17	Revisions made to update policy per Fiscal Credibility Review	Lisa Ladendorff	2/24/17
3	2/22/18	Revision made in recommendation of the Federal Financial Management Review team	Eric Griffith	2/22/18
4	1/11/21	Revision to separate duties of contract accountant and staff	Liberty Avila	1/11/21
5	8/23/23	Adjusted to adhere to Financial Management Requirements. Clarified staff and accountant roles, outlined current accounting controls and weekly procedures	Liberty Avila	Board Approved on 9.8.23

Section Four: Bank Statements and Reconciliation

Purpose

The purpose of this policy is to outline the internal controls governing and safeguarding the bank reconciliation process, as well as staff roles and accountant roles in the reconciliation process. Reconciliations are a critical step in ensuring that the NEON QuickBooks file is error free, as well as detecting internal or external fraudulent activity in the NEON bank accounts.

Policy

This policy will outline internal controls for reconciliation of bank statements, with the goal of having stringent multilevel oversight over income and expenditure transactions to prevent both internal or external fraud and errors. This will ensure that all requested entries have been properly made in the NEON QuickBooks and that documented and entered transactions match, as well as matching the bank statements.

All bank account statements will be downloaded by the Executive Director from online banking as soon as they are issued, generally within 7 days of the end of the statement month. The statement will be reviewed by the Operations Coordinator, who is not authorized to sign checks but who is familiar with financial operations. The Operations Coordinator will submit the bank statement to the contract accountant as soon as it has been reviewed. No NEON staff members perform reconciliations, to ensure a separation of duties.

All statement reconciliations will be completed by NEON's contracted accountant, who is not authorized to sign checks. Within 15 days of receiving the bank statement from NEON, the contract accountant will submit the bank reconciliation to NEON, noting any discrepancies for resolution.

The reconciliation will be approved by the Executive Director. This is a slight discrepancy from the federal policy, as we do not have someone completely outside the payment process who also has the fiscal knowledge to properly review the bank reconciliation. However, while the Executive Director does approve the reconciliation and approve expenditures, the Executive Director does not complete EFT transactions and generally seeks to minimize their role in the payment process.

In addition to bank statement reconciliations, program managers receive and review Profit and Loss and Budget vs Actual statements for their program on a monthly basis. These reports are used to create monthly reporting and invoicing, and also provide an opportunity for expenditure and income review to ensure that expenditures match expected and actual program activities for each grant.

The Executive Director reviews NEON's Budget vs. Actual statement and the NEON Profit and Loss Statement to track grant spending, the financial state of the organization, budget projections, and financially ethical & grants management. Observations may include:

- unexpected expenses
- uneven flows of revenues
- an increase or decrease in revenues
- rising costs due to inflation
- under-spending or Spillover of expense and/or revenue accounts
- an increase in staffing needs
- an increase in the need for its services
- a purchase or replacement of needed equipment
- Inaccurate balances in various classes and programs
- other needs or observations

The combination of regular review within the individual programs and the organization as a whole, as well as careful and timely reconciliation, lead to strong integrity in both program budgets and our documented QuickBooks file.

Definition

Bank Statement Reconciliation occurs when comparing the monthly bank statement, including credit card statements, for a particular account to the cash account kept in NEON's current accounting software.

References

Accounting Coach 2011, explanations

Section Four Revision History

Version	Date	Revisions	Author	Approval Date
1	12/8/11	Original Policy	Tayde McAndie	12/8/11
2	2/21/17	Position titles reviewed and updated and timeliness criteria added.	Kyle Ludwig	2/24/17
3	8/23/23	Adjusted to adhere to Financial Management Requirements and clarify the roles of NEON staff and the contracted accountant.	Liberty Avila	Board Approved on 9.8.23

Section Five: Disbursements and Procurement

Purpose

To establish a policy that ensures all disbursements are pre-approved, reasonable, and that they will be for expenses that were properly procured.

Policy

This scope of this policy covers disbursement documentation, preapproval, reasonability of costs, safeguarding of blank checks, and segregation of duties regarding vendor account creation and electronic payments. In addition, this policy will provide guidelines for procurement processes based on federal procurement thresholds.

All NEON staff requesting or making disbursements are required to utilize and retain expense documentation including itemized receipts or invoices. Receipts and invoices should include clear information about the vendor, date of purchase, and what is being purchased. If purchasing services, payment should be made on a reimbursement basis, barring payment of reasonable deposits. To request check payments, staff members submit an electronic expense form with an invoice or quote attached into the fiscal folders. For credit card purchases, staff must ensure that the expenditure is preapproved and properly procured before making the expenditure. Staff members must attach an itemized receipt to the expense form that includes the date of purchase, credit card used, and amount of purchase. Documentation of all credit card or EFT disbursements should be filed by Friday of the week the disbursement was made so that it can be posted during the following week's accounting submittal. All expense forms must clearly list requested grant class allocations for each expense or income transaction.

All transactions and purchases made by NEON staff of \$50 or more will need prior verbal or written approval from a program manager or director, with written documentation via the expense form "approved by" line. All purchases over \$500 must be preapproved by the Executive Director or a program director.

NEON will follow procurement procedures as required by federal purchasing guidelines for all types of expenditures and disbursements. Procurement that includes the expenditure of any federal funds must follow these protocols as well as all federal procurement requirements as detailed further in OMB 2 CFR 200. Protocols may be waived by the Executive Director on a case-by-case basis for procurement with private funds when allowed by the source. Federal code outlines the uniform guidance for five methods of procurement.

- 1.) Micro Purchases: Aggregate amount does not exceed \$10,000. No competitive quotes are required. Refer to OMB 2 CFR 200.320(a) for additional detail.

- 2.) **Small Purchases:** Includes purchases up to the Simplified Acquisition threshold of \$250,000. Informal purchasing procedures are acceptable but price rate quotes must be obtained from an adequate number of sources. Bid sheets are not required but may be used. Refer to OMB 2 CFR 200.320(b) for additional detail.
- 3.) **Sealed Bids:** For purchases over the Simplified Acquisition Threshold of \$250,000. Formal solicitation is required and the contract is awarded to the responsible bidder who conformed to all material terms and is the lowest price. This method is the most common procurement method for construction contracts, and is also used for major purchases of goods, supplies, and equipment. Refer to OMB 2 CFR 200.320(c) for additional detail.
- 4.) **Competitive Bids:** For purchases over the Simplified Acquisition Threshold of \$250,000. Generally used when conditions are not appropriate for sealed bids. Competitive proposals are normally conducted with more than one source submitting an offer. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors (such as qualifications or ability to provide specialized services) considered. Refer to OMB 2 CFR 200.320(d) for additional detail.
- 5.) **Noncompetitive Procurement:** Allowed in four circumstances: (1) Item is available only from a single source; (2) Public emergency will not permit a delay; (3) The awarding agency expressly authorizes sole source; or (4) Solicitation results in inadequate competition. Refer to OMB 2 CFR 200.320(f) for additional detail.

All expenditures, whether check, credit card, EFT, or other method, must have been properly procured based on the above thresholds, and procurement documentation for larger expenses must be filed in the appropriate electronic procurement folder. All procurement documentation must be submitted to and reviewed by the Executive Director before filing. The NEON Executive Director will review federal procurement thresholds yearly to ensure that these thresholds and guidelines remain in compliance with HRSA requirements.

Blank checks will be kept in a secure location within the office of NEON's accountant. NEON staff will regularly examine check numbers and transactions to ensure that checks are accounted for and numbers are sequential.

The Executive Director or other authorized NEON employees without access to enter financial data or creation of vendors/accounts to the NEON accounting system will be responsible for any payments or transfers that are made through Electronic Funds Transfer. All vendor account creation in QuickBooks will be requested by the NEON Operations Coordinator to the NEON contract accountant. The NEON contract accountant will create the vendor accounts, and the Operations Coordinator will make all EFT payments.

Two leadership staff members will need to sign all printed and written NEON checks, even in small amounts. If the expense is over \$500, one of the signers must be the Executive Director, a designated program director, or Board Chair.

References

Purchasing with Grant Funds – are You Following Guidelines?
<https://www.hrsa.gov/sites/default/files/hrsa/grants/manage/grant-funds-are-you-following-guidelines.pdf>

Section Five Revision History

Version	Date	Revisions	Author	Approval Date
1	8/23/23	Original Policy, with some elements of prior policy sections. Procurement thresholds updated and approved in November 2021. New policy created to align with financial management requirements	Liberty Avila	Board Approved on 9.8.23

Section Six: Federal Grant Matching and Cost Sharing

Purpose

To establish a policy for the identification, funding, accounting and reporting of cost sharing or matching requirements for federal or nonfederal funding, in compliance with federal management control requirements listed in 45 CFR 75.

Policy

This scope of this policy covers types of cost sharing, when cost sharing is applicable, lists conditions for costs for sharing and matching including in-kind, and record keeping to assure compliance with cost sharing/matching requirements.

There are three kinds of cost sharing, as listed in the 45 CFR 75 Uniform Administrative Requirements. They are noted below, with a complete description listed in the definition section. The principles and actions listed in this policy are applicable for all types of cost sharing as listed.

- 1.) Mandatory Cost Sharing
- 2.) Committed Cost Sharing
- 3.) Voluntary Cost Sharing

Cost sharing and matching is applicable when cost sharing/matching is either required or desired as part of a federal grant award. It is also appropriate to implement cost sharing procedures and practices when it is deemed beneficial by nonfederal project sponsors or community partners.

All contributions, including cash and grantee and third party in kind shall be accepted as part of the grantee cost sharing or matching requirements when the contributions meet the following criteria:

- 1.) The costs are allowable in accordance with the Uniform Guidance;
- 2.) They are verifiable from grantee records;
- 3.) They are not included as contributions for any other federally-assisted project or program;
- 4.) They are necessary and reasonable for proper and efficient accomplishment of the project objectives;
- 5.) They are not paid by the federal government under another award, except where federally authorized to be used as such;
- 6.) They are stated in the approved budget when that is required by the federal grantor agency.

Cost sharing and matching record keeping shall be conducted in the following manner:

- a.) All cash contributions shall be recorded in the accounting system as a donation line item in the associated federal grant class, with notes listed as to the cost sharing/matching purpose.
- b.) All donations of equipment and supplies shall be recorded in a spreadsheet as in-kind donations, with entity donating, necessity to meet grant objectives, date of donation, and record of fair market value amount at the time of donation.
- c.) Donated professional services will be documented as such on invoices from the donating professional with amount and hourly rate listed. Invoices will be kept stored in a grant-related file, and the amount, date, provider and necessity for meeting grant objectives will be logged in a spreadsheet.
- d.) Donated staff time will be recorded in a log by staff name (either grantee or third party staff), date, grant-related activity, time and hourly rate. Each log will be signed monthly by concerned staff to verify its accuracy. Logs will be stored in the related grant file, and the staff, date, amount and necessity to grant objectives will be recorded in a spreadsheet.

Definition

¹Cost Sharing or Matching Funds: the portion of the project or program costs not borne by the federal government, and therefore covered by some other source.

²Mandatory Cost Sharing: required by the grantor as a condition for making an award and usually refers to an overall percentage of the total project costs to be contributed by a source other than the grantor.

³Committed Cost Sharing: not required by the grantor yet reflected in the grant proposal budget and paid for by non-federal funds.

⁴Voluntary Cost Sharing: not required by the grantor and not shown on the proposal budget, but usually reported as such.

⁵In-Kind Contribution: the value of non-cash contributions provided by the grantee or other nonfederal third party participants. In-kind may be in the form of real property, equipment, supplies; other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the grant-funded project.

References

45 CFR 75 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards: <https://www.gpo.gov/fdsys/pkg/CFR-2015-title45-vol1/pdf/CFR-2015-title45-vol1-part75.pdf>

University of Iowa Cost Sharing and Matching Funds Policy:
<https://dsp.research.uiowa.edu/rah/cost-sharing-and-matching-funds>

University of Pennsylvania Cost Sharing and Matching Funds Policy:
http://www.finance.upenn.edu/vpfinance/fpm/2100/2100_pdf/2119.pdf

Section Six Revision History

Version	Date	Revisions	Author	Approval Date
1	2/23/17	Original Policy	Lisa Ladendorff	2/24/17

Section Seven: Consultants and Contractors

Purpose

To establish a policy for governing consulting and contractual services acquisition and implementation in compliance with 45 CFR 75, including suspension and debarment monitoring requirements.

Policy

The scope of this policy covers the conditions under which contractors/consultants can be utilized, definition of a contractor/consultant, the requirement that contractors/consultants not be listed on the Excluded Parties List system, responsibility of contractors for all legally mandated requirements, signing authority, bidding and selection procedures, and review for reasonableness of costs and fees.

NEON may choose to utilize a consultant with specialized expertise when a professional specialty is deemed necessary to meet NEON organizational and project objectives and which NEON staff do not possess the skills, capability or capacity to complete. Because NEON is a small organization, it is expected that consultants may be routinely available to provide advice and planning in the areas of fiscal management, legal matters, marketing and evaluation, to provide a few examples.

In general, prior to contracting NEON will ensure that contracted staff functions cannot be completed both in terms of skills and capacity by NEON staff. Contractors may be used to provide ongoing services that NEON finds it more efficient to contract for rather than providing itself, such as technical support and accounting. Contractors may also be used for staffing for collaborative community projects where shared staffing is a part of project proposals and plans.

NEON may choose to contract for services. Independent contractors must meet the definitions and conditions of ORS 701.025. Other contractors must be registered with a state as corporation, business, or governmental entity. The Executive Director will be responsible for reviewing any contractor prior to selection, against the Excluded Parties List System, within the System for Award Management (SAM) at <https://www.sam.gov/portal/public/SAM/>, to ensure the individual or recipient is not prohibited from receiving federal funds. In addition, all contract boiler plate will include a certification by the contractor/consultant they are not listed on the Excluded Parties List.

Contractors are responsible for all legally mandated requirements such as taxes, worker's compensation and liability insurance. They are ineligible for any benefits, unless specified under contract. All contracts will include *appropriate notices* (regarding non-discrimination, lobbying, confidentiality) binding the contractor to the same state and Federal laws as NEON. Conditions of contracts are individually and uniquely negotiated. All contracts (personal services or between organizations) will be approved by the Executive Director, who has signing authority designated by the NEON Board. Alternately, the Board Chair is also able to contractually obligate the organization, in the absence of the Executive Director when there is an immediate need.

Contractor Bidding/Solicitation/Selection Procedures:

- Contractors associated with drafting of the bid proposal cannot bid for the contract.
- Draft letter of solicitation for prospective contractors including outline of proposed scope of work/needs.
- Request recommendations for prospective contractors from Chambers in each county.
- Contact each recommended prospective contractors and email or fax solicitation letter with deadline for them to schedule personal/phone interview, have proposal/bid/quotes and client references ready at that interview.
- Interview respondents. Check references.
- Selection criteria based on: personal intuition/choice, price quote, professionalism, client references, experience/knowledge of nonprofits, and geographic location. Make recommendation for the board, including justification of all selection criteria.
- Track all correspondence for record-keeping and make note of any appropriate modifications to these procedures.
- Complete a contract and scope of work for each contractor, to be signed by the Executive Director or NEON Board Chair.

All contracts will be reviewed for reasonableness of costs and fees. This will be done by seeking input on the rates of comparable contractors in the closest geographic region practical.

Definitions

¹Excluded Parties List: Exclusions are found on <https://www.sam.gov> by searching for exclusions, or for the entity in question and scrolling down to exclusions. This systems identifies those parties excluded throughout the U.S. Government (unless otherwise noted) from receiving Federal contracts or certain

subcontracts and from certain types of Federal financial and nonfinancial assistance and benefits.

References

45 CFR 75 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards: <https://www.gpo.gov/fdsys/pkg/CFR-2015-title45-vol1/pdf/CFR-2015-title45-vol1-part75.pdf>

Excluded Parties List System, www.epls.gov

Acquisition Central, www.acquisition.gov

Section Seven Revision History

Version	Date	Revisions	Author	Approval Date
1	7/1/09	Original Policy	Lisa Ladendorff	7/1/09
Version 2	2/23/17	Updated for fiscal credibility review	Lisa Ladendorff	2/24/17
3	2/22/2018	Updated to meet fiscal credibility review in paragraph 4 of Scope	Eric Griffith	2/22/2018

Section Eight: Fiscal Monitoring and Expenditure Analysis

Purpose

To establish a policy for the reporting and monitoring of organization funds at both the organizational and restricted fund level to ensure to comply with annual budget and federal management control requirements listed in 45 CFR 75.

Policy

This scope of this policy covers the minimum requirements for fiscal reporting and monitoring, the levels of organizational accountability for fiscal monitoring, and the procedures for resolving any discrepancies between actual and budgeted expenditures with federal funds.

When applying for state or federal funds, NEON establishes program/project budgets that are in compliance with the allowable costs and the intent and purpose of the project. NEON establishes an overall annual budget utilizing these restricted fund budgets as a base for the affected program budgets. The annual budget is prepared by the Executive Director and reviewed and approved by the NEON board prior to the start of each new fiscal year. This annual budget, which is inclusive of the approved restricted fund budgets, becomes the basis for NEON revenue and expenditure analysis.

NEON carries out two levels of monthly fiscal review and monitoring to assure compliance with established budgets. The first is at the grant/restricted fund level during the monthly drawdown process described in the associated Federal Grant Cash Management Policy. Each monthly drawdown records revenues spent to date, revenue drawn down to date, and calculates a variance from the year to date budget for each grant. This report gives a restricted fund level line item review of variance from budget. Anything with a 10% variance either over or under triggers to review and resolution procedures noted below. This monthly review is conducted by the Operations Coordinator and the Executive Director.

The second level of review is fiscal reports by reviewed by the Board. The Director's report contains any updates on grant level budget variance. The Board reviews and approves an organizational level Balance Sheet and Profit and Loss statement that details line item expenditures at the restricted class level.

The following organizational personnel are involved in fiscal monitoring and expenditure analysis:

- 1.) Project Director: Creates monthly draw down spreadsheets for individual programs, approves expenditures for each restricted class per approved budget.

- 2.) Executive Director: In some cases the Executive Director acts as the project director and conducts the above functions. If the Executive Director is not the project director they will approve all expenses over \$500 per approved restricted fund budgets and review monthly drawdown spreadsheets. The Executive Director runs monthly Balance Sheet and Profit and Loss reports from the accounting system for analysis and presentation to the board.
- 3.) NEON Board Members: The board members review any exceptional budget variances brought to them by the Executive Director, and review and approve the Balance Sheet and Profit Loss statements at the restricted fund level.

Procedures for resolving discrepancies between actual and budgeted expenditures:

- 1.) Discrepancies under 10% variance from budget are considered to be normal variations and not of concern until the final months of a grant period.
- 2.) For each restricted fund the Project Director/Executive Director determines how much variance among approved budget line items is allowed by the federal grantor without a formal budget change request.
- 3.) If items are regular allocation items, such as telephone or rent, the Project Director/Executive Director and the Operations Coordinators will recalculate the allocation formulas and adjust them to meet budget targets.
- 4.) If the line item represents one time purchases, the Project Director/Executive Director will ensure that the expense has not exceeded the annual budget limit for that line item, and that the expense on the line item is not causing the total expenses to exceed budget limits. If it does not, the Operations Coordinator and Project Director/Executive Director will monitor the tagged line item to ensure future expenses are in line with annual budget limits for that line item.
- 5.) If the Project Director/Executive Director determines that the line item expense is valid and needs to exceed the annual line item budget limit in order to meet project objectives, they will ensure that the variance does not exceed the allowed variance among approved line items set by the funder, and approve expenses over the limit.
- 6.) If the expense variances either exceed the grantor variance among approved line item limit, and the expense are necessary for meeting project objectives, the Project Director/Executive Director will revise the budget and will request a prior approval form the grant officer for a formal budget change.

- 7.) If the expense variances are projected to exceed the total annual grant budget, the Executive Director will meet with the Operations Coordinator and will reduce expenses sufficient to meet approved budget.
- 8.) The Board shall be notified in all instances where condition 6 or 7 are present, and will either approve Executive Director plan, or will set new direction for the budget.

Definition

¹Balance Sheet: a financial statement that reports the amount of a company’s assets, liabilities and equity at a specific point in time.

²Profit and Loss Statement: a financial statement at reports a company’s revenues, expenses, and gains and losses during the period of time specified in the report.

³Restrcited Funds: funds restricted for a certain purpose by either a funder, such as a grantor, accounting principles, or the organization’s board.

References

45 CFR 75 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards: <https://www.gpo.gov/fdsys/pkg/CFR-2015-title45-vol1/pdf/CFR-2015-title45-vol1-part75.pdf>

The Wallace Foundation Resources for Nonprofit Financial Management: <http://www.wallacefoundation.org/knowledge-center/resources-for-financial-management/Pages/Monitoring.aspx>

Section Eight Revision History

Version	Date	Revisions	Author	Approval Date
1	2/23/17	Original Policy	Lisa Ladendorff	2/24/17
2	8/23/23	Clarified Current Staff Roles	Liberty Avila	Board Approved on 9.8.23

Section Nine: Indirect Costs and Cost Allocation

Purpose

To establish a policy for the use of the De Minimus Indirect Cost rate, as well as outline a cost allocation plan in accordance with 45 CFR 75.414.

Policy

NEON elected to begin using the De Minimus Indirect Cost rate starting July 1, 2022 for all federal grant awards. This policy outlines how expenditures are split between programs, as well as how costs are determined to be direct program costs or indirect costs. Federal approval or yearly submissions are not required to utilize the De Minimus indirect cost rate.

The De Minimus indirect cost rate is defined as 10% of Modified Total Direct Costs, with the exception of grants which give a fixed cost rate that does not equal 10%. All federal grant budgets are submitted to include the De Minimus indirect cost rate or defined cost rate for the program. Modified Total Direct Costs are defined as all direct costs, with the exception of contract payments over \$25,000 in the grant year to date.

Indirect costs drawn in each monthly draw will be calculated on the NEON expense tracker for each grant, and deductions for contract payments over \$25,000 in the grant year to date will be both noted and deducted from the cost basis for the indirect cost calculation. These deductions will be calculated for both the monthly and the grant year to date columns on the tracker by sorting expenditures in the monthly and grant year to date profit and loss reports by name.

While no yearly federal approval is required for use of the De Minimus indirect cost rate, NEON will perform both a year in review and a projected yearly budget analysis of expenses vs revenue for indirect costs. Adjustments to future spending or the decision to submit for a higher indirect cost rate will be made by the NEON Board of Directors yearly if indirect revenue does not cover projected indirect expenditures.

Cost Allocation Plan

The purpose of this cost allocation plan is to summarize, in writing, the methods and procedures that Northeast Oregon Network (NEON) will use to allocate costs to various programs, grants, contracts and agreements. 2 CFR Part 200 Subpart E establishes the principles for determining costs of grants, contracts and other agreements with the Federal Government.

GENERAL APPROACH

The general approach of NEON in allocating costs to particular grants and contracts is as follows:

- A. All allowable direct costs are charged directly to programs, grants, activity, etc.
- B. Allowable direct costs that can be identified to more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated, as described in this policy.
- C. All other allowable general and administrative costs (costs that benefit many programs and cannot be identified to a specific program), “Indirect costs”, are allocated to programs, grants, etc. using a base that distributes to the benefitted cost objectives on bases that will produce an equitable result in relation to benefits derived.
- D. Only costs that are allowable, in accordance with the cost principles, will be allocated to benefiting programs by NEON.
- E. Costs are allocated to all programs on an equitable basis regardless of any limits imposed by funding sources. As often as possible, costs will first be charged directly to benefiting programs. All remaining shared costs are allocated on the most meaningful measures. Examples of bases used are as follows.

ALLOCATION OF COSTS

- A. Compensation for Personnel Services - Documented with timesheets showing time distribution for all employees and allocated based on time spent on each program or grant. Salaries and wages are charged directly to the program for which work has been done. Costs that benefit all programs will be considered Indirect Costs, and allocated to agency programs and grants based on the ratio of each program’s total direct expenses to the Organization’s total direct expenses in the period.
 - 1. Fringe benefits (FICA, UC, and Worker’s Compensation) are allocated in the same manner as salaries and wages. Health insurance, dental insurance, life & disability and other fringe benefits are also allocated in the same manner as salaries and wages.
 - 2. Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages.
- B. Travel Costs - Allocated based on purpose of travel. All travel costs (local and out-of-town) are charged directly to the program, one or more than one, for which the service was incurred, and that which can be uniquely identified. Costs that benefit all programs will be considered Indirect Costs, and allocated to agency programs and grants based on the ratio of each program’s total direct expenses relative to the Organization’s total direct expenses in the period.

C. Professional Services Costs (such as consultants, accounting and auditing services) - Allocated to the program benefiting from the service. These costs are charged directly to the program, one or more than one, for which the service was incurred, and that which can be uniquely identified. Costs that benefit all programs will be considered Indirect Costs, and allocated to agency programs and grants based on the ratio of each program's total direct expenses relative to the Organization's total direct expenses in the period.

D. Operating expenses, Training, Meeting – Allocated to the program benefiting from the service. These costs are charged directly to the program, one or more than one, for which the service was incurred, and that which can be uniquely identified. Costs that benefit all programs will be considered Indirect Costs, and allocated to agency programs and grants based on the ratio of each program's total direct expenses relative to the Organization's total direct expenses in the period. Operating expenses are common to the ongoing function of operating the organization and may include, but are not limited to, subscriptions, furniture, hardware/equipment, advertising, marketing, dues, licenses, postage, mailing, printing, copying, supplies, meeting expenses, training, conferences, etc.

E. Facilities expenses – Allocated directly based on budgeted staff hours – converted to full-time equivalent (FTE) – as worked in each program or grant, measured quarterly or adjusted funding changes. Administrative and general use facilities are allocated based on all agency staff. Facilities specifically used for one or more programmatic activities are pooled separately and allocated based on staff FTE who use the specific facility. Facilities expenses include, but may not be limited to, rent expense, utilities, maintenance & repair, land-line telephone, internet, janitorial, facilities staff time, depreciation on related facilities (if allowable), etc.

F. Information Technology (IT) expenses – Allocated directly based on budgeted staff hours – converted to full-time equivalent (FTE) – as worked in each program or grant, measured quarterly or adjusted funding changes. Information Technology expenses may include, but are not limited to, server hosting, website maintenance, agency-wide software and security products, agency-wide IT equipment, technology consultants, technology staff time, depreciation on IT equipment (if allowable).

G. Insurance expenses – Agency insurance products are considered a cost that benefits all programs and will be considered an Indirect Cost, and allocated to agency programs and grants based on the ratio of each program's total direct expenses relative to the Organization's total direct expenses in the period. An exception may exist for line item/specific project insurance purchases, which may be charged directly to the programs benefited.

H. Telecommunications - Allocated directly based on budgeted staff hours – converted to full-time equivalent (FTE) – as worked in each program or grant, measured quarterly or adjusted funding changes. Telecommunication expenses may include, but are not limited to, cell phone expenses.

I. Finance & accounting expenses – Finance and accounting expenses are considered a cost that benefits all programs and will be considered an Indirect Cost, and allocated to agency programs and grants based on the ratio of each program’s total direct expenses relative to the Organization’s total direct expenses in the period. Finance & accounting expenses may include, but are not limited to, accounting staff time, accounting services providers, finance & accounting consultants, accounting software, bank fees, audit fees, tax preparation fees, etc.

J. Human resources expenses – Human resources expenses are considered a cost that benefits all programs and will be considered an Indirect Cost, and allocated to agency programs and grants based on the ratio of each program’s total direct expenses to the Organization’s total direct expenses in the period. Human resources (HR) expenses may include, but are not limited to, HR related staff time, payroll staff time, HR services providers, HR consultants, HR & payroll software, payroll processing fees, HR-related audit fees, benefit administrative costs, etc.

K. Other Costs - Other joint costs will be allocated on a basis determined to be appropriate to the particular costs. (Grantee should describe methodology for applicable costs).

L. Unallowable Costs – Costs that are unallowable in accordance with 2 CFR Part 200 Subpart E, including, but not necessarily limited to, alcoholic beverages, bad debts, advertising (other than help-wanted ads & to meet grant requirements), donations, entertainment, fines and penalties, fundraising, interest. Any unallowable costs will be charged to unrestricted funding (HSP).

Cost Pool Procedure

Each month, NEON utilizes two cost pools according to the cost allocation plan above. The first is the Indirect cost pool, which spreads the actual indirect cost across all classes on an expense basis, to ensure that all NEON programs bear a fair portion of actual indirect costs regardless of their funding source. NEON also utilizes a Facilities cost pool to spread facilities costs across programs on an FTE basis.

Indirect Cost Pool Procedure:

1. Within 7 days of the last day of each month, the Operations Coordinator will verify that all transactions have been entered by designated accounting form representatives, to include all expenditures, deposits, payroll and facilities JEs, and liabilities, using payroll reports, bank activity reports and credit card statements, and crosschecking using weekly transaction folders.

2. The Operations Coordinator will log into the NEON current QuickBooks file, accessed through the Right Networks portal, and run a Profit and Loss report for the month. The Operations Coordinator verifies that there are no unclassified entries, and then saves the report as an excel spreadsheet, in the appropriate monthly subfolder, inside the ShareSync current FY fiscal folder.
3. The Operations Coordinator then runs a Profit and Loss report from the beginning of the current FY, to the last day of the month that the cost pool entries will impact, and saves this report as an excel spreadsheet, in the appropriate monthly subfolder, inside the ShareSync current FY fiscal folder.
4. Following the cost pool template and written instructions, the Operations Coordinator inserts the necessary number of rows needed at the top of the spreadsheet, to contain the indirect class amount for the month, the formulas that compute the percentages for indirect cost, for each NEON class, the pooled Umbrella class computations, a crosscheck test box, and any additional instructions for the entries. Operations coordinator deletes the indirect class column.
5. The Operations Coordinator checks the FY year to date Profit and Loss report for total indirect cost, up to the end of the month the indirect entries are impacting and enters that amount in the appropriate box. Operations coordinator then creates the formulas for each class, designates the row as “dollar amount” in the settings, and color codes the final amounts dependent upon whether they are singular classes, or sub-classes.
6. The Operations Coordinator uses the SUM formula with the total appearing in the crosscheck test box, to confirm that the amount matches the expected indirect total.
7. The Operations Coordinator adds an additional formula that sums the sub-class Umbrella classes, to be entered in the Umbrella Unrestricted class.
8. The Operations Coordinator saves the excel file, in the appropriate monthly subfolder, inside the ShareSync current FY fiscal folder, named “month and year” final indirect spread.
9. The Operations Coordinator sends an email to the Executive Director requesting that they check the final indirect spreadsheet for errors.
10. After the Executive Director approves the final indirect spreadsheet, operations coordinator emails the managing partner, at the NEON designated accounting form, with the attached copy of the final indirect

- spreadsheet, and requests that they create the indirect JE for the month of the report.
11. After the accountant verifies through email that the monthly indirect JE has been created in the QuickBooks file, the Operations Coordinator logs into the NEON QuickBooks current file, accessed through the Right Networks portal, and runs a new Profit and Loss report for the month, cross checking using the final monthly indirect spreadsheet, and confirms that the indirect entries have been entered correctly in the general journal.
 12. The Operations Coordinator then communicates with the Executive Director through email, that the indirect entries for the month are completed.

Facilities Cost Pool Procedure:

1. After saving PDF copies of the approved monthly timesheets, the Operations Coordinator uses the Monthly FTE Spread excel template, to create a new monthly document, containing the facilities entry percentages for each class, to be entered as a JE.
2. The Operations Coordinator enters each staff member's FTE percentages for the month, per class, and checks the formulated totals for errors.
3. The Operations Coordinator crosschecks the separated total, formulated for the fiscally sponsored classes highlighted in red, of which the facilities entries will be allocated only to Umbrella Unrestricted.
4. The Operations Coordinator checks the Percent of FTE for Facilities Spread total, to make sure it is correct, at 100%.
5. The Operations Coordinator saves the edited template in the appropriate monthly subfolder, inside the ShareSync current FY fiscal folder, named "month and year" final facilities spread.
6. The Operations Coordinator emails the Executive Director a copy of the monthly facilities spread final, to be checked for accuracy.
7. After getting email approval from the Executive Director, the Operations Coordinator emails the managing partner at the designated accounting firm (accountant), attaching the approved monthly facilities spreadsheet, and requests that the monthly facilities JE be entered into the NEON QuickBooks file.
8. After the accountant verifies through email that the monthly facilities JE has been created in the QuickBooks file, the Operations Coordinator logs into the NEON QuickBooks current file, accessed through the Right

Networks portal, and runs a new Profit and Loss report for the month, cross checking using the final monthly facilities spreadsheet, and confirms that the facilities entries have been entered correctly in the general journal.

9. The Operations Coordinator then communicates with the Executive Director through email, that the facilities entries for the month are completed.

References

45 CFR § 75.414 Indirect (F&A) costs. <https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-A/part-75/subpart-E/subject-group-ECFR1eff2936a9211f7/section-75.414>

Section Nine Revision History

Version	Date	Revisions	Author	Approval Date
1	8/23/23	Cost Allocation Plan and use of De Minimus indirect cost rate approved by NEON board April 2022	Liberty Avila	Board Approved April 2022
2	8/23/23	Expanded and relocated section, superseding prior indirect cost sections of policy and adjusted to follow financial management guidelines.	Liberty Avila	Board Approved on 9.8.23

Section Ten: Credit Cards

Purpose

The purpose of this policy is to set forth guidelines for the use of credit cards by NEON employees.

Policy

This policy is intended to provide guidelines for credit card use by NEON staff members, including authorization, expenditure pre-approval, and credit card statement reconciliation.

The NEON Executive Director when appropriate, will determine if staff will be issued a credit card. This determination will be based on the need for purchasing as part of their NEON position, not on seniority or other factors.

NEON staff use of credit cards is to follow company policy, in that each purchase must be pre-approved by a program manager, and all purchases must be reviewed by the Operations Coordinator and an account signer as part of the weekly accounting process. The Operations coordinator or designee will track all credit card use, using monthly statements, to ensure compliance and review monthly expenditures prior to official reconciliation. Each purchase will be documented with an itemized receipt or invoice, and recorded using the appropriate expense form, signed by the staff member and approved by a manager as needed, as outlined in Section Three.

Staff credit card limits are set at \$9,000 monthly for the Executive Director (to allow for large organizational purchases if necessary), \$4000 monthly for the Operations Coordinator, and no more than \$2000 monthly for all other NEON staff, unless otherwise approved by Executive Director.

Each staff member will be responsible for appropriately securing their NEON issued credit card and keeping it separate from personal cards. Staff members agree in writing that no personal use will occur. If minor, accidental personal use of the credit card is discovered, the staff member will be expected to reimburse the organization immediately for such a purchase. Any intentional personal use of a NEON credit card will trigger disciplinary procedures, up to and including termination. Staff members must report the loss or theft of their credit card to the Operations Coordinator as soon as it is discovered.

The NEON accountant will post credit card expenses on the transaction date. The Operations Coordinator will open monthly credit card statements, and they will be reviewed by the Operations Coordinator and the Executive Director for any unusual or unexpected usage. Following review, the statement will be sent to the NEON accountant for reconciliation. If any transactions were not posted yet due to missing expense forms, NEON staff will be expected to submit these missing forms immediately.

Section Ten Revision History

Version	Date	Revisions	Author	Approval Date
1	8/23/23	Consolidated sections throughout policy manual to create distinct Credit Card Policy and adhere to financial management standards.	Liberty Avila	Board Approved on 9.8.23

Section Eleven: Time Tracking and Allocation Policy

Purpose

To establish a policy for monthly time-tracking of all NEON staff, adhering to federal and state guidelines, award regulations, and OMB Cost Principles¹.

Policy

This policy addresses the following elements of time tracking activities, time document storage, the process of applying allocations, based upon Fiscal Year² budget, the process of certifying the accuracy of staff time sheets, based upon regular, monthly pay-periods, and review of staff compensation, adhering to actual staff activities, with proper distributions charged to appropriate federal awards.

- 1) Each Fiscal Year budget will include an FTE breakdown for each staff position, based upon time estimated to be spent working on program outcomes and activities for each grant. These will be seen as goals for time allocation throughout the year, rather than monthly goals. While these estimates will be used as goals for time allocation, all time charged to grants on a monthly basis will be based on actual time worked for each grant program. The NEON timesheet incorporates calculations that determine the salary or hourly wage allocations to be charged to each grant based on actual time worked.
- 2) All staff members are required to keep a monthly timesheet and program specific deliverables reports, for any time reported as actual time spent working. Timesheet templates will be prepared and supplied yearly to each employee by the Operations Coordinator and populated by supervisors. Program deliverables by federal and state grants are also maintained, in order to further certify the activities and time spent. Staff are also required to send out weekly schedules via email, to keep program managers apprised of all planned activities. The weekly schedules are used to plan, as well as to document deliverables³. NEON does not charge salary or wages to federal awards based on budget estimates.
- 3) Pay periods start on the first day of each month, and end on the last day of each month. All timekeeping records are to run concurrently with pay period schedule. Staff members are expected to document their time in their timesheets daily. Program managers and the Executive Director will review the timesheets of their direct reports on a weekly basis throughout

- the month to flag any potential issues and ensure that time logged matches time worked.
- 4) At the end of each monthly pay period, each staff member will sign their electronic timesheet to certify that their time worked is accurate. Their supervisor then signs the document to certify that it is correct. Finally, the Executive Director reviews all signed timesheets before the they are submitted to the NEON accountant for payroll.
 - 5) All certified time keeping documents will then be saved in PDF form, on a secure, HIPAA compliant, cloud server, with two redundant back-up versions. Timesheets will be sent electronically to the NEON accountant to create the payroll report. The Operations Coordinator will review and approve the payroll report, then the NEON Accountant will initiate payroll payment operations.
 - 6) Wages, benefits, and payroll liabilities will be posted by the accountant to each grant based on provided timesheet allocations. Each month, payroll entries will be reversed from the payroll settlement date and posted into the last day of the month when work was completed, to allow for timely drawdown of time worked for each month. These allocated personnel costs will be populated into expenditure trackers monthly for project drawdown and expenditure tracking.

Payroll Procedure

- 1) The Operations Coordinator will communicate monthly to all staff the date and time that the timesheet submissions are to be completed. All staff will add these mandatory due dates to their office 365 calendars.
- 2) The Operations Coordinator will email a payroll due date reminder to all staff 4 days prior to the submission deadline.
- 3) The Operations Coordinator will email all supervisors a reminder regarding timesheet approvals, 4 days prior to the submission deadline.
- 4) Within 1 business day of the timesheet deadline, all supervisors will review staff timesheets for errors, and after any errors are revised, will approve timesheets, adding their signature, and the date of the approval.
- 5) Supervisors will report to the Executive Director that all timesheets have been approved; the Executive Director will do a final error check, and then notify the Operations Coordinator that the timesheets are approved in full.

- 6) The Operations Coordinator will create a PDF copy of all each staff monthly timesheets, saving the PDFs in the monthly timesheets subfolder, inside the current FY ShareSync folder.
- 7) The Operations Coordinator uses the PDF timesheet copies to create the monthly FTE and facilities spreadsheet, saving the monthly copy in the appropriate monthly subfolder, inside the current FY ShareSync folder.
- 8) The Operations Coordinator emails the Executive Director for final approval of the spreadsheet. Executive Director does the final error check of the current month FTE and facilities spreadsheet and sends email notification to the Operations Coordinator that the spreadsheet is approved.
- 9) The Operations Coordinator creates a monthly subfolder, in the designated accountant's Payroll ShareSync folder, and adds copies of all approved timesheets, for the use of the NEON accountant.
- 10) The Operations Coordinator will email the accounting firm representative responsible for payroll, informing them that the timesheet copies are available to them for payroll, attaching a copy of the monthly FTE and facilities spreadsheet, for their use, and communicates any additional details necessary i.e., overtime hours, change of FTE status etc.
- 11) The accounting firm representative responsible for payroll will email the Operations Coordinator with any additional questions, and then processes the NEON monthly payroll, entering all staff hours, class designations, and PTO hours taken, into the NEON QuickBooks file, accessed through the Right Networks portal.
- 12) The accounting firm representative creates the monthly payroll liability payments inside the QuickBooks file, then schedules the payments online using the state and federal payment portals.
- 13) The accounting firm representative creates the monthly payroll report inside QuickBooks and emails a copy to the Operations Coordinator for examination and records retention.
- 14) The Operations coordinator examines payroll report for errors, and contacts the accountant representative to communicate accuracy, or the need for corrections. The final, approved copy of the payroll report is saved in the appropriate monthly subfolder, inside the current FY ShareSync folder.
- 15) After NEON approval of the payroll report, the accounting firm representative saves a copy of the payroll report internally, for use by the managing partner of said firm, to use for the online ACH transmittals, and

- calculations for the transfer of funds, from the NEON operations checking account, to the NEON payroll account.
- 16) Managing partner of designated accounting firm logs into the NEON bank account website, transfers the necessary funds for all payroll liabilities between checking accounts, and creates all ACH batches for staff direct deposits, and HSA liabilities.
 - 17) The Executive Director will notify the Operations Coordinator that batches have been received by the designated NEON banking institution, after being notified by email.
 - 18) The accounting firm representative schedules the QuickBooks automated, encrypted PDF, paystub distribution, by email, to each staff member, on or before the pay date.
 - 19) Staff members receive their pay on the 5th of each month, or on the Friday prior to the 5th, if the 5th falls upon a weekend day, by direct deposit.

Definitions

¹Cost Principles: The accounting guideline requiring amounts in the accounts and on the financial statements to be the actual cost rather than the current value. Accountants can show an amount less than cost due to conservatism, but accountants are generally prohibited from showing amounts greater than cost. (Certain investments will be shown at fair value instead of cost.)

²Fiscal Year: A 12-month period over which a company budgets its spending. A fiscal year does not always begin in January and end in December; it may run over any period of 12 months. The fiscal year is referred to by the date in which it ends.

³Deliverables: Deliverables is a project management term for the quantifiable goods or services that will be provided upon the completion of a project. Deliverables can be tangible or intangible parts of the development process, and they are often specified functions or characteristics of the project.

References

45 CFR 75 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards: <https://www.gpo.gov/fdsys/pkg/CFR-2015-title45-vol1/pdf/CFR-2015-title45-vol1-part75.pdf>

http://www.investorwords.com/1984/fiscal_year.html

<http://www.investopedia.com/terms/d/deliverables.asp>

Section Eleven Revision History

Version	Date	Revisions	Author	Approval Date
1	11/19/11	Original Policy	Tayde McAndie	11/19/11
2	2/17/17	Revised to include updates for Fiscal Credibility Review	Debra Smith	2/24/17
3	8/23/23	Revised to comply with financial management requirements, for new timekeeping system implemented in 2022, and to clarify current staff roles.	Liberty Avila	Board Approved on 9.8.23

Section Twelve: Travel and Reimbursement

PURPOSE

This policy is to set forth appropriate Standards of Practice with the purpose of establishing sound travel and reimbursement practices at all levels within the organization.

Scope

This policy is intended to give direction within the framework of acceptable standards for travel of all NEON staff members within their individual scopes of work. All travel allocated to a federal grant must be necessary to meet the performance objectives of that program.

All travel expenses or reimbursements will be expensed from the grant that covers the program of the scope of work traveled for. All NEON employees and supervisors are responsible for knowing where their job duties fall in respect to separate NEON programs. Employees will include the grant that coincides with their travel or expense on their mileage or expense forms. Forms will be approved by supervisors or the Executive Director for grant allocation accuracy.

For all irregular non-local travel, NEON employees are required to get preapproval from their supervisor or the Executive Director. NEON requires all travel expenses to be reasonable. Reasonable expenses may include travel expenses which are ordinary, or that pertain directly to the scope of the work that is being performed by NEON staff. If an expense is not ordinary, but is necessary the staff member needs preapproval from their supervisor or the Executive Director.

NEON will reimburse all work-related and supervisor-approved expenses, and travel mileage at the Federal Mileage Rate (for current IRS compensation rate, ask the NEON Human Resources Coordinator). NEON employees may choose to have NEON pay for their gas prior to travel, via the NEON credit card, but they will not be reimbursed for mileage at the Federal Mileage Rate for those miles traveled. Employees are encouraged to carpool whenever possible, however only the person driving will be reimbursed for mileage. Employees are also encouraged to use economy and efficiency when using NEON funds.

NEON will utilize a Per-Diem system for all overnight travel. Generally, lunch within a normal length travel day will not be reimbursed, though exceptions may be made for longer travel days with prior approval. Per Diem will be requested using a Per Diem form, approved by a supervisor, and submitted to weekly accounting using an electronic expense form. If needed, a projected Per Diem form can be submitted prior to travel. Breakfast, Lunch, and Dinner are limited to the rates published in the Federal Travel Regulations (prescribed by General

Services Administration (GSA)). Other rates may be approved on a case-by-case basis by the Executive Director. If Per Diem is being used, submission of meal receipts are not required.

NEON will also reimburse or allow credit card use for the following travel-related expenses for work-related and supervisor-approved travel:

- Lodging for staff travel will be limited to rates published in the Federal Travel Regulations (prescribed by General Services Administration (GSA)), unless otherwise justified. Justification must be approved on a case-by-case basis, and requires pre-authorization by the Executive Director.
- NEON will not require that staff share hotel rooms, though they may share if lodging is appropriate and both staff members are comfortable with the arrangement. Staff are required to choose the most cost-effective lodging location, taking into account safety, proximity, supplied meals, and travel time to the work location.
- NEON will not reimburse for any alcoholic beverages. NEON will not pay Per Diem for any meals where supplied meals were available (for example, NEON won't reimburse lunch for travel to a conference which provided lunch). Employees will be expected to pay all expenses incurred above the allowed amounts.
- For all airline travel, NEON staff will work with the Operations Coordinator, or their program supervisor, to ensure that a reasonably priced flight is purchased, limited to coach.
- If a rental car is necessary for travel, options are limited to mid-size and below, unless otherwise justified, and approved by the Executive Director.
- Work-related parking fees and transportation costs will be reimbursed by NEON. NEON encourages employees to use alternate forms of transportation when less expensive, available and convenient (buses, MAX, etc).

Employee time spent driving between work-related activities, as well as time spent driving or flying to a special work event, training, or conference, is considered to be compensable time. Time spent driving from home to work, or vice versa, is not considered compensable time. For overnight travel, employees will be paid for their work and travel hours, but not time available for personal use in the travel location.

Definition

Compensable Time¹: includes all time an employee is on duty or at a prescribed place of work and any time an employee is suffered or permitted to work. This

would generally include work performed at home, travel time, waiting time, training and probationary periods.

References

For current IRS per diem rates in United States go to:

<https://www.gsa.gov/portal/content/104877>

For current IRS per diem rates in Portland, Oregon go to:

<http://www.gsa.gov/portal/category/100120>

¹<https://www.dol.gov/whd/regs/compliance/whdfs27.htm>

Section Twelve Revision History

Version	Date	Revisions	Author	Approval Date
1	2/23/17	Original Policy	Eric Griffith	2/24/17
2	8/23/23	Revised to include Per Diem system implemented in 2019 and to clarify staff roles	Liberty Avila	Board Approved on 9.8.23

Section Thirteen: Property Control

PURPOSE

This policy is to set forth appropriate Standards of Practice with the purpose of establishing sound property control practices throughout the organization.

Scope

1. All NEON property or fixed assets are to be kept behind at least one locked door when NEON staff members are not present to account for such property. When possible, NEON property should be kept behind two locked doors.
2. NEON's Operations Coordinator, along with help from the Fiscal Assistant are responsible for keeping a detailed inventory database that includes all of NEON's property. The following is to be tracked in the inventory database:
 - Cost
 - Purchase Date
 - Source of Funding
 - Location
 - Description
 - Book Value
 - Condition
3. The disposition of NEON property
 - All property of NEON will be properly wiped of all information prior to disposal of or donation of item
 - If property's value is \$5,000 or more, NEON will gain approval from the agency whose funds helped purchase the property prior to disposing of the item.
 - If the item's value is less than \$5,000, NEON will dispose of it in a manner that is appropriate and follows HIPAA guidelines
4. NEON will conduct a physical periodic inventory of all property once every one to two years, in which the results of the inventory will be reconciled with the inventory database.
5. Property that was purchased with government funds of \$500 or more will be labeled accordingly

Definition

¹Book value of an asset is the value at which the asset is carried on a balance sheet and calculated by taking the cost of an asset minus the accumulated depreciation.

²Fixed asset are items with a useful life greater than one reporting period, and which exceeds and entity’s minimum capitalization limit.

³Disposition refers to the act of getting rid of an asset or security through a direct sale or some other transfer method.

References

¹<http://www.investopedia.com/terms/b/bookvalue.asp>

²<http://www.accountingtools.com/definition-fixed-asset>

³<http://www.investopedia.com/terms/d/disposition.asp>

Section Thirteen Revision History

Version	Date	Revisions	Author	Approval Date
1	2/23/17	Original Policy	Kyle Ludwig	2/24/17

Section Fourteen: Conflicts of Interest

Purpose

The purpose of the conflict-of-interest policy is to protect the interest of Northeast Oregon Network (hereafter called ‘the Organization’) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an employee, officer, or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Policy

The scope of this policy covers the duty of all employees or officers of NEON to disclose, process of determination of a conflict of interest, procedures for addressing a conflict of interest, violations of the policy, record keeping, compensation, annual statements, periodic review, use of outside experts and penalties.

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and/or members of committees with governing board delegated powers considering the proposed transaction or arrangement. This can be done in advance via writing, email or phone conversations with the Executive Director and/or Board Chair, depending on whether the person with a possible conflict of interest is an employee or board member.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, the employee or board member shall allow time for the Executive Director or board members to determine whether the conflict of interest exists. If a board member has declared a possible conflict of interest, the board of directors will vote as to whether a conflict exists. If an employee has declared a possible conflict of interest, the Executive Director will document in writing whether a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

a. An interested person may make a presentation to the Executive Director or at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

- b.** The Executive Director or chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c.** After exercising due diligence, the Executive Director or governing board or committee shall determine whether the Organization can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d.** If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Executive Director or governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
- e.** If a potential conflict of interest is found in NEON's operations with regards to federal grants, the respective federal awarding agency or pass-through entity will be notified in writing of the conflict and NEON will work with appropriate federal agency staff to find a suitable resolution.

4. Violations of the Conflicts of Interest Policy

- a.** If the Executive Director or governing board or committee has reasonable cause to believe an individual has failed to disclose actual or possible conflicts of interest, it shall inform the individual of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b.** If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the Executive Director or governing board or committee determines the individual has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

- a.** The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b.** The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.
- c.** If disclosure is made by an employee, the Executive Director will ensure records are kept of all steps of the investigation, including of discussion with the NEON board if applicable to the conflict disclosed.

Board Member Compensation

- a.** A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- b.** A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.
- c.** No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
- d.** Physicians and/or health care providers who receive compensation from the Organization, whether directly or indirectly or as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.

Annual Statements

Each director, principal officer and member of a committee with governing board delegated powers shall sign a statement which affirms such person:

- a.** Has received a copy of the conflicts of interest policy,
- b.** Has read and understands the policy,
- c.** Has agreed to comply with the policy, and
- d.** Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a.** Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b.** Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are

used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Penalties

Penalties may be imposed by the NEON Board of Directors for violation of this policy by both board members and employees. Penalties may range from board censure or employee corrective action, board removal or employment termination, financial penalties ranging up to \$1,000, repayment of any amount of financial gain, or any combination thereof. If federal or state law has been violated, reports will be made to the appropriate law enforcement or reporting entity.

If NEON conducts activities supported by grant funding through subrecipients, NEON will take reasonable steps to ensure that these organizations or individuals also comply with this conflict of interest policy and notify the recipient receiving federal assistance directly from the awarding agency of any actual or perceived conflicts of interest.

Definition

¹ **Interested Person:** Any employee, director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

If a person is an interested person with respect to any entity in the health care system of which the organization is a part, he or she is an interested person with respect to all entities in the health care system.

² **Financial Interest:** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

- a.** An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
- b.** A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
- c.** A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

References

National Council of Non Profits Sample Conflict of Interest Policy:
<https://www.councilofnonprofits.org/tools-resources/conflict-of-interest>

Internal Revenue Service Instructions for Form 1023 Appendix A Sample Conflict of Interest Policy: <https://www.irs.gov/instructions/i1023/ar03.html>

Section Fourteen Revision History

Version	Date	Revisions	Author	Approval Date
1	7/1/09	Original Policy	Lisa Ladendorff	7/1/09
2	2/12/17	Updated for fiscal credibility review to include penalties.	Lisa Ladendorff	2/24/17
3	5/13/21	Updated to add subrecipient and written federal disclosure	Liberty Avila	5/14/21
4	8/23/23	Updated to include employees as interested persons.	Liberty Avila	Board Approved on 9.8.23

Section Fifteen: Mandatory Disclosures and Employee Protection

Purpose

This policy is intended to encourage Board members, staff (paid and volunteer) and others to report suspected or actual occurrence(s) of illegal, unethical or inappropriate events (behaviors or practices) without retribution.

Policy

NEON complies with all standard terms of HRSA federal grant awards, including but not limited to The Civil Rights Act of 1964 (Title VI) and Section 106 (g) of Trafficking Victims Protection Act of 2000, as amended (22 U.S.C. 7104). All NEON programs, federal funded or otherwise, are to serve persons most in need and to comply with Federal law, services must be widely accessible. Services must not discriminate on the basis of age, disability, sex, race, color, national origin or religion. NEON follows all specific guidance for recipients on meeting their legal obligation under Title VI of the Civil Rights Act of 1964, which prohibits discrimination on the basis of race, color or national origin in programs and activities that receive Federal financial assistance.

If any employee reasonably believes that some policy, practice, or activity of NEON is in violation of law, a written complaint must be filed by that employee with the Executive Director or the Board President.

It is the intent of NEON to adhere to all laws and regulations that apply to the organization and the underlying purpose of this policy is to support the organization's goal of legal compliance. The support of all employees is necessary to achieving compliance with various laws and regulations. An employee is protected from retaliation only if the employee brings the alleged unlawful activity, policy, or practice to the attention of Northeast Oregon Network and provides the Northeast Oregon Network with a reasonable opportunity to investigate and correct the alleged unlawful activity. The protection described below is only available to employees that comply with this requirement.

NEON will not retaliate against an employee who in good faith, has made a protest or raised a complaint against some practice of NEON, or of another individual or entity with whom NEON has a business relationship, on the basis of a reasonable belief that the practice is in violation of law, or a clear mandate of public policy.

NEON will not retaliate against employees who disclose or threaten to disclose to a supervisor or a public body, any activity, policy, or practice of NEON that the employee reasonably believes is in violation of a law, or a rule, or regulation

mandated pursuant to law or is in violation of a clear mandate of public policy concerning the health, safety, welfare, or protection of the environment.

An appropriate NEON staff member will provide written documentation to all necessary federal grants officers within two weeks of any report of violations of federal criminal law involving fraud, bribery, and gratuity violations by NEON staff, board, or partners potentially affecting any current NEON awards.

References

Nonprofit Risk Management Center. Employee Protection (Whistleblower) Policy Sample. <http://www.nonprofitrisk.org/library/articles/samplewb.pdf>

Whistleblower Protections in the Nonprofit Sector. Nonprofit Risk Management Center. <http://www.nonprofitrisk.org/library/articles/employment091005.shtml>

Section Fifteen Revision History

Version	Date	Revisions	Author	Approval Date
1	3/2/12	Original Policy	Tayde McAndie, Lisa Ladendorff	3/1/2012
2	2/23/17	Revised for fiscal credibility review to include reporting to federal grantors.	Eric Griffith	2/24/17
3	8/23/23	Revised to include Civil Rights, Human Trafficking, and other Standard Terms in this section	Liberty Avila	Board Approved on 9.8.23

Section Sixteen: Limitation on Use of Federal Funds

Purpose

This policy is intended to outline limitations on the use of federal funds, including annual review of Grants Policy Bulletins. NEON will adhere to all statutory provisions and legislative mandates contained within annually released Grants Policy Bulletins for all federal agencies funding NEON activities.

Policy

NEON will adhere to all statutory provisions and legislative mandates contained within annually released Grants Policy Bulletins for all federal agencies funding NEON activities. NEON will review legislative mandates annually and incorporate any new funding policies into this policy manual. For 2023, NEON will adhere to the following mandates found in the FY2023 HRSA Grants Policy Bulletin:

- (1) Confidentiality Agreements (Section 742)
- (2) Salary Rate Limitation (Section 202)
- (3) Gun Control (Section 210)
- (4) Anti-Lobbying (Section 503)
- (5) Acknowledgment of Federal Funding (Section 505)
- (6) Restriction on Abortions (Section 506)
- (7) Exceptions to Restriction on Abortions (Section 507)
- (8) Ban on Funding Human Embryo Research (Section 508)
- (9) Limitation on Use of Funds for Promotion of Legalization of Controlled Substances (Section 509)
- (10) Restriction of Pornography on Computer Networks (Section 520)
- (11) Restriction on Purchase of Sterile Needles (Section 526)

The majority of these legislative mandates cover activities that are not a part of NEON's program operations. However, the restrictions on abortions does mean that we need to make adjustments to how our employee health insurance policy is charged to federal grants. In Oregon, all employee health insurance plans cover abortion, which cannot be funded using federal funds. NEON has worked with our insurance broker to determine that abortion services make up 0.02% of our employee health insurance cost. To resolve this conflict, NEON will ensure that no more than 99.98% of any one employee's health insurance is funded

using federal funds. The remainder of employee health insurance costs will be funded by state, local, foundation, or unrestricted funds available to NEON.

The NEON Executive Director or a designee will review HRSA's Legislative Mandates yearly and incorporate updates into this policy manual. These updates will be approved by the NEON Board Yearly.

References

HRSA Legislative Mandates in Grants Management for FY 2023
<https://www.hrsa.gov/sites/default/files/hrsa/grants/manage/legislative-mandates-grants-management-2023.pdf>

Section Sixteen Revision History

Version	Date	Revisions	Author	Approval Date
1	8/23/23	Policy created to align with financial management requirements. Prior policy was a section in Allowability of Costs rather than a standalone policy (refer to version information in Section Seventeen)	Liberty Avila	Board Approved on 9.8.23

Section Seventeen: Allowability of Costs

Purpose

The purpose of the policy is to state NEON's intent and mandate to adhere to all applicable cost principles governing the use of federal grants and contracts as stated in the Uniform Grant Guidance federal management control requirements listed in 45 CFR 75.

Policy

The scope of this policy covers the criteria that must be met in order for a cost to be allowable to federal funding, establishes a process for assessing reasonableness of costs and allocability to federal awards, and defines adequate documentation of costs.

To be allowable under a federal award, costs must be reasonable, allocable, and adequately documented. In addition, a cost must not be disallowed by legislative mandates or by any terms or conditions of an individual grant program or award notice. NEON will diligently examine allowable costs for each award as well as for all federal awards, and determine that all budgets are created to request only those items which are allowable and necessary to undertake proposed procedures.

As defined by 2 CFR 200.404, to be reasonable, a cost must not exceed what a prudent person would incur under similar circumstance. In determining reasonable costs, NEON staff will examine a variety of factors, including cost, volume of purchasing, support for local, women owned, or minority businesses, efficiency of operations, and timing of purchases to support program activities. In some cases, this means that the least cost bid or quote may not be the most reasonable cost. However, NEON staff will strive to be good stewards of federal funds to ensure that they have maximum impact on the communities we serve.

When allocating costs that may benefit more than one federal grant award or nonfederal program, NEON will take into account the extent to which goods or services benefit each federal or nonfederal program to ensure that costs are spread fairly across programs. In addition, NEON will follow the established cost allocation plan.

All expenditures, whether to federal or nonfederal programs, will be fully documented at the point of submission to the NEON accountant. In addition, all planned expenditures will follow applicable procurement thresholds. All NEON staff requesting or making disbursements are required to utilize and retain expense documentation including itemized receipts or invoices. Receipts and invoices should include clear information about the vendor, date of purchase, and what is being purchased.

References

45 CFR 75 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards: <https://www.gpo.gov/fdsys/pkg/CFR-2015-title45-vol1/pdf/CFR-2015-title45-vol1-part75.pdf>

Uniform Grant Guidance Samples/Templates:
<http://file2.pasbo.org/handouts/UniformGrantGuidance/Templates.pdf>

Citations for specifics of allocable costs by category:

Item of Cost	Citation of Allowability Rule
Advertising and public relations costs	2 CFR § 200.421
Advisory councils	2 CFR § 200.422
Alcoholic beverages	2 CFR § 200.423
Alumni/ae activities	2 CFR § 200.424
Audit services	2 CFR § 200.425
Bad debts	2 CFR § 200.426
Bonding costs	2 CFR § 200.427
Collection of improper payments	2 CFR § 200.428
Commencement and convocation costs	2 CFR § 200.429
Compensation – personal services	2 CFR § 200.430
Compensation – fringe benefits	2 CFR § 200.431
Conferences	2 CFR § 200.432
Contingency provisions	2 CFR § 200.433
Contributions and donations	2 CFR § 200.434
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements	2 CFR § 200.435
Depreciation	2 CFR § 200.436
Employee health and welfare costs	2 CFR § 200.437
Entertainment costs	2 CFR § 200.438
Equipment and other capital expenditures	2 CFR § 200.439
Exchange rates	2 CFR § 200.440
Fines, penalties, damages and other settlements	2 CFR § 200.441
Fund raising and investment management costs	2 CFR § 200.442
Gains and losses on disposition of depreciable assets	2 CFR § 200.443
General costs of government	2 CFR § 200.444
Goods and services for personal use	2 CFR § 200.445
Idle facilities and idle capacity	2 CFR § 200.446

Insurance and indemnification	2 CFR § 200.447
Intellectual property	2 CFR § 200.448
Interest	2 CFR § 200.449
Lobbying	2 CFR § 200.450
Losses on other awards or contracts	2 CFR § 200.451
Maintenance and repair costs	2 CFR § 200.452
Materials and supplies costs, including costs of computing devices	2 CFR § 200.453
Memberships, subscriptions, and professional activity costs	2 CFR § 200.454
Organization costs	2 CFR § 200.455
Participant support costs	2 CFR § 200.456
Plant and security costs	2 CFR § 200.457
Pre-award costs	2 CFR § 200.458
Professional services costs	2 CFR § 200.459
Proposal costs	2 CFR § 200.460
Publication and printing costs	2 CFR § 200.461
Rearrangement and reconversion costs	2 CFR § 200.462
Recruiting costs	2 CFR § 200.463
Relocation costs of employees	2 CFR § 200.464
Rental costs of real property and equipment	2 CFR § 200.465
Scholarships and student aid costs	2 CFR § 200.466
Selling and marketing costs	2 CFR § 200.467
Specialized service facilities	2 CFR § 200.468
Student activity costs	2 CFR § 200.469
Taxes (including Value Added Tax)	2 CFR § 200.470
Termination costs	2 CFR § 200.471
Training and education costs	2 CFR § 200.472
Transportation costs	2 CFR § 200.473
Travel costs	2 CFR § 200.474
Trustees	2 CFR § 200.475

Section Seventeen Revision History

Version	Date	Revisions	Author	Approval Date
1	2/23/17	Original Policy	Lisa Ladendorff	2/24/17
2	5/13/21	Addition of 2021 legislative mandates	Liberty Avila	5/14/21
3	1/10/22	Addition of Procurement Thresholds Detail	Liberty Avila	1/11/22
4	8/23/23	Adjusted to align with financial management requirements. Legislative mandates, indirect costs, cost allocation, and procurement moved to standalone policies.	Liberty Avila	Board Approved on 9.8.23

Section Eighteen: Federal Project Program Income Policy

Purpose

The purpose of the Federal Project Program Income Policy is to define program income calculation and set parameters around the use of program income that are in accordance with 45 CFR 75 fiscal management controls.

Policy

This policy provides examples on the parameters of program income definitions, addresses the circumstances for the appropriate use of program income, details how program income is calculated and utilized, and reporting of program income.

Examples of program income include the following:

- Fees earned from services performed under the award, such as payments from health insurance payers.
- Funds generated by the sale of commodities or research materials.
- Proceeds from the sale of software or publications.
- Registration fees charged to participants for a workshop or conference sponsored by a grant award.

The following examples are not normally treated as program income:

- Proceeds from the sale of property or equipment purchased from federal funds.
- Interest earned on advances of federal funds.

Appropriate uses of program income are listed below:

- 1.) Further the eligible project or program objectives.
- 2.) Financing the nonfederal share of the project or program as match.
- 3.) Deducting income from the total federal share of project or program allowable costs, and used to cover the current costs of the project.

All income received will be assessed as to whether or not it meets the criteria for program income. If funds have an obvious source, such as another funder, they do not meet criteria for program income. If income is earned by staff activities, it will be assessed according to the allocation source of staff time that engaged in the revenue earning activities. To the extent that a revenue generating activity was supported by federal funds, that corresponding amount will be defined as program income. For example, if a conference was 50% supported by federal funds, and 50% by non-restricted nonfederal funds, any income generated will be

allocated 50% to the corresponding restricted federal accounting class, and 50% to non-restricted accounting classes. If it is determined that revenue is program income, the federal source will be identified, and that amount will be recorded in the accounting system as a program income line item in that federal award restricted accounting class.

Funds allocated as program income to a federal award accounting class will be considered restricted funds for that program and can only be spent on the furthering of that project’s objectives and goals. Any program income remaining after the final closeout of the federal program will be designated as unrestricted by the NEON board, and available for other funding purposes.

Program income will be reported to the NEON Board on regular financial Profit and Loss statements. Any anticipated program income that will be used as required match will be designated in the original federally approved budget. Program income will be reported to grant project officers via required match and Federal Fiscal Reporting requirements and procedures.

Definition

¹Program Income: gross income earned by a federal award recipient that is directly generated by a sponsored activity or earned as a result of the reward.

References

45 CFR 75 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards: <https://www.gpo.gov/fdsys/pkg/CFR-2015-title45-vol1/pdf/CFR-2015-title45-vol1-part75.pdf>

Section Eighteen Revision History

Version	Date	Revisions	Author	Approval Date
1	2/23/17	Original Policy	Lisa Ladendorff	2/24/17

Section Nineteen: Compensation Determination and Equity

Purpose

This policy establishes criteria for determining equitable and competitive compensation for all paid positions of Northeast Oregon Network.

Policy

NEON seeks to tie wages to state employment and salary data and ensure that wages are fair, including offering Cost of Living Adjustments (COLAs) yearly whenever funding allows. Our goal is to utilize a transparent and pay structure and ensure that we have clear guidelines for how to support each position when grantwriting. NEON has set four different job classifications with the same salary band for all roles within each classification. Within each salary band, there are 10 steps. Steps are set by a score that is based on both years of service and merit categories, as outlined below.

Job Classifications: Each job classification will be tied to a standardized wage band. Yearly, the Executive Director will pull Oregon State wage data for jobs in these wage bands to see if they need to be adjusted based on state trends.

Associate: Associates are predominately hourly staff with very little supervisory or decision-making responsibility.

Coordinator: Coordinators perform independently on a day-to-day basis as part of a program. Coordinators generally consult a supervisor for programmatic decision making.

Manager: Managers independently supervise a program or department and have significant decision making and supervisory responsibility. Managers still consult directors for strategic direction.

Director: A Director is either an organization ED or independently directs a major department of NEON, including fiscal and strategic planning responsibility.

Step Scoring

A step score determines where yearly salary will fall within the salary band for each job classification. The total step score is set by the following factors, with a total of 10 points possible (11 for Coordinators with a supervisory point, which could exceed the typical top of the Coordinator range):

Years of Service (5 points): Employees receive one point for each year of service up to five years, defined by having a work anniversary in the calendar year when the fiscal year starts. This score resets if an employee is promoted to a new job classification. For example, if an employee starts in May of 2021, their work anniversary is May of 2022 and they receive one step point beginning Fiscal Year 2022-2023. If an employee has 4 years of service in a Coordinator role, but they are promoted to a Manager-level role, they start at 0 years of service points in the new classification. This allows for growth as someone grows into the demands of the new role.

Community Relationships/Lived Experience (1 point): Relationships relevant to an employee's work in the community and their lived experience relevant to their work help them do their job more effectively. Many types of community relationships can qualify, including funder, vendor, partner, and community member relationship that help them do their work.

Bilingual or Bicultural (1 point): Bilingual or Bicultural staff members can make NEON services accessible to new populations, which brings significant organizational benefit. This point is awarded if an employee's bilingual ability or bicultural status is relevant to specific position needs - for example, if an employee provides direct service in a language they are fluent in or if they provide culturally specific training or consultation. If they are fluent in a language that is not used at work or their culture does not intersect with their work at NEON, this point does not apply.

Education Level Relative to Position (1 point): While NEON is moving away from requiring education levels for specific positions unless it is truly necessary, education levels can earn a step point. For Associates and Coordinators, one point will be given if the employee has a bachelor's degree or equivalent education. For Managers and Directors, this point will be given for a masters-level education.

Independent Work/Whole Work Ability (1 point): This point relates to the amount of supervision and support needed to complete typical work functions. An employee may earn this point as they become more independent in their work and become confident in professional skills related to their position.

Certification or Specialization (1 point): If an employee has specialized knowledge or certification (beyond CHW certification, which most employees receive) related to their work area, this point will be given. This may allow for additional billable services or may allow the employee to perform specialized job responsibilities. For the director level, this point will be given if the employee has a license relevant to NEON's work, such as LCSW.

Supervision as a Coordinator (1 extra point): Generally, coordinators are not expected to supervise other employees. In special circumstances, a coordinator level employee may be asked to serve as lead and supervise another employee with the support of their supervisor. In this case, they will receive an extra point. This point may be removed when the coordinator is no longer asked to be a supervisor.

Salary Transparency

Each employee will receive a worksheet from your supervisor outlining a salary band and score, along with the current fiscal year wage and status. Supervisors also communicate how an employee can receive more points in the future as they progress in their work and performance. They will sign this worksheet to certify that they understand their Fiscal Year pay.

Funding Limitations

If full wage increases are not feasible due to funding shortages, NEON will seek to catch-up wages as quickly as possible following a wage freeze if budgets allow. NEON will also seek to keep wages competitive and in line with the salary bands whenever possible, even if it means reducing hours before reducing hourly pay to ensure that employees are fairly compensated for their time and work. NEON will provide a yearly COLA tied to the Consumer Price Index whenever possible.

References

- Accounting Coach 2011, www.accountingcoach.com
- Oregon Employment Department, <http://www.oregon.gov/EMPLOY/index.shtml>
- MBL Group Survey tool, <http://www.mblgroup.com/survey/np/index.html>

Section Nineteen Revision History

Version	Date	Revisions	Author	Approval Date
1	10/20/11	Original Policy	Tayde McAndie, Lisa Ladendorff	10/20/11
2	8/23/23	Adjusted to incorporate new compensation strategy adopted July 1, 2022	Liberty Avila	Board Approved on 9.8.23

Section Twenty: Fiscal Reserves

Purpose

This policy is to establish appropriate designation and use of all NEON and Program reserve monies.

Policy

NEON Reserves are Board Designated Unrestricted Net Assets and are to be used only according to the direction of the NEON Board of Directors. Program Reserves are designated as Restricted Net Assets and are to be used for the intended purpose for which the funds were received. Spending restrictions are determined by the donor or funder.

NEON and Program Reserves may be utilized in two ways; either as a drawdown or as borrowed funds. A reserve drawdown is when reserve funding is spent in accordance with purposes set by the Board or funder, as fiscally necessary, and is not expected to be paid back within 60 days. Borrowed funds are when the Executive Director in concurrence with NEON BOD Officers borrows no more than a total of 20% of outstanding NEON or Program reserve funding to cover operating expenses in accordance with Board or funder purposes, and the funds are paid back within 60 days. Any borrowing in excess of this amount must have concurrence of the full board.

Any borrowed NEON Reserves must be accounted for in the 'NEON Reserve Liability' as a Current Liability on the Balance Sheet. Any borrowed Program Reserves must be accounted for in the 'Program Reserve Liability' as a Current Liability on the Balance Sheet.

Reserve funds will be created by formal vote of the Board and recorded in the minutes. Reserve funds will be discontinued by formal vote of the Board and recorded in the minutes.

Reference the Reserve Procedure for further details.

Definitions

Unrestricted Net Assets: Net assets without donor-imposed restrictions.

Temporarily Restricted Net Assets: Net assets that have donor-imposed restrictions such as 1) fulfilling a specified purpose, and/or 2) the passage of a specified amount of time.

Board Designated Restriction: An action by a nonprofit organization's board of directors to earmark an asset for a specified purpose. Since this is not a donor-imposed restriction, the designated asset is classified and reported as part of unrestricted net assets.

Board-Designated Operating Reserves: Board established minimum reserve account ratio.

Board Designated Non-operating Reserves: Special purpose funds (Quasi Endowment).

Current Liability: Obligations due within one year of the balance sheet date. (If a company's operating cycle is longer than one year, an item is a current liability if it is due within the operating cycle.) Another condition is that the item will use cash or it will create another current liability.

Funding – Beginning balance of operating reserve, if any, ultimate target amount for the fund and timeline for achieving it, including an annual increase in targets and strategies/sources for funding.

References

Maintaining sufficient reserves to protect your not-for-profit organization. Grant Thornton LLP. Spring 2010. http://www.gt.com/staticfiles/GTCom/Not-for-profit%20organizations/NotForProfit%20files/NFP_Sufficient-Reserves_WP.pdf

OPERATING RESERVE POLICY TOOLKIT FOR NONPROFIT ORGANIZATIONS
FIRST EDITION (SEPTEMBER 15, 2010) Sponsored by the National Center for Charitable Statistics, Center on Nonprofits and Philanthropy at the Urban Institute, and United Way Worldwide.
http://www.nccs2.org/wiki/index.php?title=Nonprofit_Reserves_Workgroup

Accounting Coach: Definitions. 2011 Accounting Coach LLC.

Section Twenty Revision History

Version	Date	Revisions	Author	Approval Date
1	2/29/12	Original Policy	Tayde McAndie	5/1/2012