



BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES

Branford Electric Railway Association, Inc. Mission

The mission of The Branford Electric Railway Association, Inc. d.b.a. The Shore Line Trolley Museum is to share with a diverse audience the story of the trolley and related forms of public transportation in their historical context.

Finance Department Mission

The Finance Department of the Branford Electric Railway Association, Inc. is committed to timely, accurate and responsible financial management. The Finance Department works with the Executive Director, staff, and board to ensure that all financial matters are managed with care, integrity, and consistency within the best interests of the Branford Electric Railway Association, Inc.

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

Table of Contents

1.0 Purpose	4
2.0 Roles.....	4
3.0 General accounting policies	5
4.0 Administration	5
5.0 Budgets	6
6.0 Financial Statements.....	6
7.0 Audit or Review	7
8.0 Revenue and Income Procedures	7
9.0 Banking	7
10.0 Petty Cash	8
11.0 Disbursements.....	9
12.0 Reimbursements	9
13.0 Insurance Coverage.....	9
14.0 Leases and other Contractual Agreements.....	10
15.0 Notes, Loans, etc.	10
16.0 Deeds, Conveyances, etc.	10
17.0 Purchasing.....	10
18.0 Accounts Receivable.....	11
19.0 Account Reconciliations	11
20.0 Large Purchases	11
21.0 Conflict of Interest.....	11
22.0 Capital Expenditures	12
23.0 Donations	12
24.0 Payroll	12
25.0 Investments.....	12
26.0 Confidentiality and Records Security.....	13
27.0 Document Retention	13

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

28.0 Tax Reporting 13

APPENDIX A—PROCEDURES..... 14

APPENDIX B—DOCUMENT HISTORY 17

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

1.0 Purpose

The following policy and procedural guidelines are designed to:

- Protect the assets of the Branford Electric Railway Association, Inc.;
- Ensure the maintenance of accurate records of the Branford Electric Railway Association, Inc.'s financial activities;
- Provide a framework of operating standards and behavioral expectations; and,
- Ensure compliance with federal, state, and local legal and reporting requirements

Exceptions to this policy shall only be made by recommendation of the Finance Committee and approval of the Board of Trustees or by the Board itself directly. Changes or amendments to these policies may be approved by the Board of Trustees at any time. A complete review of the policies shall be conducted every two years by the Finance Committee or other Board designee, with a report of its findings submitted to the Board of Trustees.

All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies and guidelines.

2.0 Roles

Finance Committee

The Finance Committee shall elect a Chairperson on an annual basis.

The Finance Committee shall consist of the following: Executive Director, the Board Treasurer, Assistant Treasurer, Bookkeeper and members designated by the Board of Trustees. The Finance Committee has whatever authority as may be designated by the Board of Trustees, including:

- Choosing the auditor
- Performing regular, in-depth reviews of the organization's financial activity
- Overseeing the development of the annual budget
- Recommending to the Board the allocation of investment deposits

Executive Director

The Executive Director has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Trustees. The Executive Director has whatever authority as may be designated by the Board of Trustees, including:

- Making spending decisions within the parameters of the approved budget
- Employing and terminating personnel
- Determining wage and benefit levels for staff (with the exception of the position of Executive Director, which shall be determined by the Board of Trustees
- Creating and amending operating procedures and controls

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

- Making decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority
- Entering into contractual agreements within board designated parameters

Policies and procedures which are not specifically addressed by this document may be determined by the Executive Director when the financial impact is not over \$ 5,000 for any fiscal year. The Board of Trustees must approve any unaddressed policy or procedure with an impact of over \$ 5,000.

3.0 General accounting policies

The accounting system follows general accepted accounting policies (GAAP).

- 1) Standard accounting procedures, in accordance with GAAP, will be utilized for all financial functions.

The fiscal year is January 1st through December 31st

- 2) Financial statements are prepared using the accrual basis of accounting.
- 3) The Chart of Accounts will be utilized, reviewed annually and updated as required.
- 4) Periodic, unannounced, internal audits will be performed by the Executive Director or the Finance Committee of the Board to ensure that the stated operating guidelines have been followed.
- 5) To ensure optimal internal controls, the Branford Electric Railway Association, Inc. will separate functional responsibilities as recommended by GAAP, to the extent possible based on staffing resources.
- 6) The administrative office will maintain financial records in accordance with the record retention policy or as determined by Federal, State or local law.
- 7) All Accounts Payable records will be stored by fiscal year and alphabetized by vendor.
- 8) All Accounts Receivable and Payroll records will be stored by fiscal year.

4.0 Administration

Financial duties and responsibilities are separated so that no one employee has sole control over cash receipts, disbursements, payroll, reconciliation of bank accounts, or any critical accounting function.

The accounting records are updated regularly and subject to the oversight of the Treasurer on at least a quarterly basis.

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

A filing system accessible to the Executive Director is maintained for all financial records. This filing system may be electronic or paper, or both.

Professional financial service providers are reviewed annually.

5.0 Budgets

The annual budget for the fiscal year is prepared by the Executive Director working closely with the appropriate staff.

The board of Trustees approves the budget annually, prior to the beginning of the fiscal year.

The budget is compared to the quarterly financial statements in order to monitor the actual results.

The budget is reviewed quarterly by the Executive Director with input from Department Heads and a Quarterly Forecast (Q1, Q2, Q3) is prepared as necessary to reflect changing conditions.

The Board of Trustees approves proposed changes in the budget which exceed \$ 5,000 or 50% of the line item, whichever is greater. Budgetary changes below this threshold shall be approved by the Executive Director.

6.0 Financial Statements

Monthly financial statements are completed and presented to the Finance Committee and Board of Trustees within 30 days of the close of the period.

The basic financial statements of The Branford Electric Railway Association, Inc. shall include:

- 1) **Statement of Financial Position (Balance Sheet)** - reflects assets, liabilities and net assets of the organization and classifies assets and liabilities as current or non-current/long-term
- 2) **Statement of Activities (Income Statement)** - presents support, revenues, expenses, and other changes in net assets of the organization, by category of net asset (unrestricted, temporarily restricted and permanently restricted)
- 3) **Statement of Cash Flows (Development Sheet)** - reports the cash inflows and outflows of the organization in three categories: operating activities, investing activities, and financing activities

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

A financial overview and Profit & Loss Statement through the end of the previous month are provided to the Board of Trustees at each Board meeting. Copies of the full financial statements shall be provided to the Board of Trustees upon request.

7.0 Audit or Review

An annual audit is conducted by an independent CPA after the close of each fiscal year. The audit covers the fiscal year of January 1st through December 31st.

The Treasurer, Executive Director and the Accountant are involved in the annual audit/review. Presentation to the Board of the audit is done by the auditing firm with assistance from the Treasurer and accountant.

Copies of the annual audit are provided to funders in accordance with agreements in effect.

8.0 Revenue and Income Procedures

The Association Executive Director in conjunction with the chairperson of the Finance Committee and Board Treasurer, develops and proposes revenue goals and objectives and submits them to the Development Committee prior to Board discussion and approval.

All contributions shall be recorded in accordance with GAAP, with specific attention to standards FASB 116 and 117. Contributions are recorded as pledged or received in accordance with FASB 116, and must be credited to the appropriate revenue lines as presented in the annual budget and coded with the appropriate account number as designated in the Association's Chart of Accounts.

9.0 Banking

General

The Executive Director chooses a financial institution(s) which provides the most appropriate services for the lowest cost. The location(s) of the financial institution is taken into account.

Separate bank accounts are maintained for operating expenses, payroll expenses, and savings. No more than \$250,000 shall be on deposit at any one financial institution in order to not exceed FDIC insurance limits.

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

The operating account maintains sufficient funds to meet all anticipated expenditures for a three month period. Generally, a balance between \$ 5,000 and \$ 50,000 is sufficient.

The payroll account maintains only enough funds to cover the monthly payroll expense. Necessary funds are transferred from the operating account to the payroll account just prior to payday.

Deposits

Whenever possible, separation of function shall exist so that person(s) receiving funds are different than the person(s) tabulating and preparing the deposits. Also, the person(s) tabulating and preparing the deposits should be different than the person(s) recording the deposits.

In general, deposits are made daily. Amounts greater than \$ 5,000 are deposited by the next business day. Amounts less than \$ 600 may remain undeposited up to three (3) business days.

All funds are deposited in an assigned financial institution, with the exception of petty cash (see 10.0 Petty Cash). The deposit receipt is attached to the Deposit Record.

Check Signing

The Board appoints the check signers. Usually these are the Treasurer, the Assistant Treasurer, the Executive Director, and the Corporate Secretary. The check signer(s) must not be the person who writes checks or who does the bookkeeping.

Two signatures shall be required for all checks of \$ 5,000 or more, one of which must be that of the Executive Director.

Blank checks are never signed in advance.

10.0 Petty Cash

A petty cash account is kept at the discretion of the Executive Director. Petty cash is used only when it is necessary to pay for goods or services by someone who cannot take a check, and to provide an adequate amount of change at fund-raising events where cash is accepted. A requisition form is completed for each transaction and a receipt acquired upon payment.

Petty cash disbursements are limited to \$ 100.00.

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

Total petty cash funds do not exceed \$ 200.00, except where more funds are needed for change at fundraising events. When funds drop below \$ 50.00, the Executive Director may replenish the account by completing a requisition form for a check written to Branford Electric Railway Association, Inc. alternatively, petty cash may be replenished by depositing some cash into the petty cash account that would otherwise be deposited into the Branford Electric Railway Association, Inc. bank account. Full documentation for this deposit should be retained.

Petty cash can be disbursed only with the approval of the Executive Director. Petty cash requisitions are reviewed and coded by the accountant. Actual funds are managed and kept in a locked, fire-resistant box by the accounting assistant.

The petty cash account is reconciled by the accountant prior to replenishment and at least monthly.

11.0 Disbursements

Whenever possible, separate persons are responsible for coding, preparing, and authorizing disbursements.

The bookkeeper shall have no bill paying functions.

Invoices are paid in a timely manner, generally weekly, and before late penalty charges apply.

Attempts are made to issue checks for employee advances as soon as practical, although advance notice of at least two business days is recommended.

Two check signers are required for checks greater than \$ 5,000.

No checks may be written to "cash" or "bearer."

12.0 Reimbursements

A requisition form is prepared and approved when requesting personal reimbursement for Branford Electric Railway Association, Inc. expenses. Relevant invoices and receipts are attached.

Mileage expenses are reimbursed at the Standard Business Mileage Rate as set by the Internal Revenue Service in effect at the time of the expense.

13.0 Insurance Coverage

Reasonable and adequate coverage will be maintained to protect the Agency's interests

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

as well as the Board of Trustees and the Association's employees. The following insurance policies shall be kept on a yearly basis: Commercial Property Contents and Computer Policy, General and Professional Liability Insurance, Directors and Officers Liability Insurance, Workers Compensation Insurance.

Insurance Policies shall be carefully reviewed by the Executive Director and the Board Treasurer.

14.0 Leases and other Contractual Agreements

Leases and other contractual agreements are negotiated by the Executive Director or individual designated by the Board of Trustees and executed with the approval of the Executive Director. New leases in excess of an amount determined by the Board of Trustees require the approval of the Finance Committee.

The Executive Director is authorized to develop and enter into contractual agreements with vendors, bankers, and third parties for the purpose of ensuring the Association's general operations. The Finance Committee shall review such agreements and make recommendations when necessary.

15.0 Notes. Loans, etc.

All notes, loans and other indebtedness to be contracted in the name of the Branford Electric Railway Association, Inc. (except open accounts and all other routine banking transactions), shall require the signature of the Executive Director, unless otherwise specified by the Board or established in the present management policies and procedures. All indebtedness must be approved by the Board of Trustees.

16.0 Deeds, Conveyances, etc.

The Executive Director and the Corporate Secretary shall execute all Deeds, Conveyances, Mortgages, Leases, Contracts and other instruments in the name of the Association.

17.0 Purchasing

Any expenditure in excess of an amount determined by the Board of Trustees for the purchase of a single item should have bids from three (3) suppliers if possible. The current threshold is five thousand (\$5,000) dollars. These bids are reviewed by the Executive Director or individual(s) designated by the Board of Trustees and the bid award must be specifically approved in advance by the Association's Executive Director.

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

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

18.0 Accounts Receivable

Invoices for grants receivable are sent out, either by email or mail, as soon as practical in accordance with the terms of the grant agreement or contract. A copy of each invoice is kept in the appropriate grant A/R file with a notation of the date it was sent. When payment is deposited, a copy of the check stub is attached to the invoice, which is then notated with the date paid and marked "POSTED."

Invoices for other accounts receivable are kept in a general A/R file. When payment is deposited, these invoices are marked "POSTED" and transferred to an A/R received file.

19.0 Account Reconciliations

Bank reconciliations are done monthly. Bank statements are reconciled by someone other than the check signer or writer.

Other balance sheet accounts are reconciled at least quarterly.

20.0 Large Purchases

Purchases greater than \$ 5,000 are approved by the Executive Director.

Purchases greater than \$ 100,000 are approved by the Board of Trustees.

Generally, The Branford Electric Railway Association, Inc. seeks three quotations for purchases whose aggregate total is greater than \$ 5,000 where at least three suppliers are available for that service or product.

21.0 Conflict of Interest

Refer to The Branford Electric Railway Association, Inc.'s Policy 103 – Conflicts of Interest

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

22.0 Capital Expenditures

Tangible assets exceeding \$ 5,000 and expected to last longer than three (3) years are classified as capital assets and included in an inventory record. The capital assets inventory record contains descriptions, serial numbers, dates of purchase or receipt, valuations, dates of valuation and item locations.

A depreciation schedule is prepared annually by the auditing firm.

23.0 Donations

Donated capital assets are recorded at fair market value if it can be reasonably estimated. The nature and amount of the donated capital assets is disclosed.

The value of donated materials and services is recorded at a reasonable estimate. The value does not exceed the value at which the organization could have purchased those materials and services.

Volunteers donate time to the Association's program services on an on-going basis. Other volunteers contribute time and services for administrative, operational or fundraising activities. Such contributed services shall be reflected in the Association's financial statements as contributes services income with a matching expense line.

24.0 Payroll

All personnel salary and wage rates are authorized by the Executive Director or the Board of Trustees. All changes in employment are likewise authorized by the Executive Director or the Board of Trustees.

Employees are paid on a no less than bi-weekly basis. Payments to staff for salary advances and bonuses are processed as part of wages.

Personnel records are kept at The Branford Electric Railway Association, Inc. for all current staff.

25.0 Investments

The investment objectives of The Branford Electric Railway Association, Inc., in order of importance, are the safety of principal, liquidity, and a competitive rate of return. Investment restrictions may, at the discretion of the Board of Trustees, include such issues as quality, diversification requirements, or social issues.

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

The Finance Committee has primary responsibility for advising the Board on investment policy and for establishing any specific guidelines as to the mix and quality of the investment account(s).

Investment activities of The Branford Electric Railway Association, Inc. shall be governed by Policy No. 306 – Finance, Investment Policy.

26.0 Confidentiality and Records Security

Financial records are restricted materials with limited access. Only the Board Treasurer, Current Board members, Executive Director, Assistant Treasurer, Bookkeeper (or others so authorized) shall have access to financial records (vendor files, checks, journals, payroll, etc.).

27.0 Document Retention

Financial records of The Branford Electric Railway Association, Inc. shall be retained in accordance with Policy 302 – Financial Records Retention.

28.0 Tax Reporting

While the Branford Electric Railway Association, Inc. is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code as amended, the association is subject to income tax on “unrelated income” Accordingly, provisions for income taxes on such “unrelated income” shall be reflected in the financial statements.

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

APPENDIX A—Procedures

Deposits

All checks and cash received are recorded on a daily log, listing the date received, payer, purpose, and amount received. All checks are stamped “for Deposit only” immediately upon receipt.

A Deposit Record is prepared listing the source account, source description, date received, amount received, and amount deposited for each line item, and a total of all funds received and deposited. *None of these funds is used to pay for expenses of any kind.* Notes are added for any discrepancies. Daily logs are attached to the Deposit Record. The Deposit Record is initialed by the preparer. A bank deposit slip is prepared and a copy attached to the Deposit Record.

After the deposit is made, the Deposit Record with attached daily logs, deposit slip, and deposit receipt is turned in to the accountant. All deposit papers are reviewed, confirmed, and recorded. Recorded deposits are marked “POSTED.”

Copies of all checks or vouchers for grants and contracts are placed in their source files.

Disbursements

All payments, except petty cash, are made by pre-numbered checks and are accompanied by substantiating documentation. Documentation may be an invoice (bill) or requisition form.

All invoices are marked with the date received and are directed to the accounting department.

Invoices are reviewed to ensure that the goods were received or services rendered.

Each invoice is attached to a requisition form or marked with the Branford Electric Railway Association, Inc. Payment Approval stamp. The proper account(s), funding source, and program are identified and coded for each invoice. The requisition form or marked invoice is approved by the appropriate manager and the Executive Director. If the Executive Director is not available, the Executive Director’s designee or the Board Treasurer may approve an invoice for payment.

After approval, invoices are passed to the accounting assistant for entering a bill into Accounts Payable. Entered bills are passed to the staff accountant for review and printing of checks. Printed checks are attached to the requisition forms and passed to the Executive Director for signing.

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

Signed checks are passed to the accounting assistant for mailing or distribution.

Once payment is made the requisition form is be filed with the check voucher in the monthly A/P folder. The check number is written on the requisition form or invoice.

Check Signing

A relevant invoice or back-up document accompanies each check for the check signers to review.

The check voucher is used to ensure a record of the check is maintained.

Sequentially numbered organizational checks are used to maintain a proper control over the checks. Voided checks are kept and clearly marked VOID. The signature area of voided checks is cut out and discarded to prevent misuse.

Account Reconciliations

Bank accounts are reconciled monthly against the account statement. Other balance sheet accounts are reconciled quarterly using the Branford Electric Railway Association, Inc. Reconciliation Statement. Supporting documentation is either attached (as for Petty Cash) or the location is referenced (as for Grants Receivables files). Individual documentation, such as the number of a check or journal entry, may be referenced in the Details Column of the Reconciliation Statement.

Payroll

All employees (hourly and salaried) are responsible for submitting complete time sheets on a weekly basis, with final time sheets due on each employee's last working day of the period. All time sheets must be signed and dated by employees and their supervisors. Incomplete time sheets are returned to employees for correction.

Budget

The Executive Director shall be responsible for presenting to the Finance Committee and other Board Committees an annual operating budget draft one hundred and twenty (120) days prior to the end of the fiscal year and ninety (90) days prior to its submission to the Board of Trustees.

Once approved by the Finance Committee, the budget will be provided to Board of Trustees for review and approval. Budget must be provided to the Board of Trustees in November of each year.

The Finance Committee shall review and approve the recommended fiscal year

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

budget revenues, expenditures and cash flow, and submit it for approval to the Board of Trustees.

The budget shall contain revenues and expenses forecasted by month. A chart describing monthly cash flow shall be included.

BRANFORD ELECTRIC RAILWAY ASSOCIATION, INC.

THE SHORE LINE TROLLEY MUSEUM

POLICY NO. : 301 – FINANCE

POLICY: FINANCIAL POLICIES & PROCEDURES (CONTINUED)

APPENDIX B–Document History

08-12-2017 Adopted by The Branford Electric Railway Association, Inc. Board of Trustees.