

**Durango Education Foundation  
Financial Policies  
Approved 12/11/14, Amended 06/20/2019**

**Overview:**

DEF maintains financial management and accounting policies in order to establish quality control, to maintain accurate financial records, and to protect the organization's assets. Financial practices include the following:

1. Creation and maintenance of an annual budget
2. Maintenance of an accounting system, including internal controls and record keeping.
3. Preparation of financial statements completed internally on a monthly basis.
4. Independent review by an accounting professional on a schedule determined by the Board of Trustees as being optimal and necessary for verifying DEF financial status to agencies, donors and other outside funders.
5. Oversight of investments, as delineated in the D.E.F. Investment policy approved 12/11/14

**Roles:**

The Durango Education Foundation Board of Trustees has the authority to draft and approve any policies it deems to be in the best interest of the organization and within the parameters of the organization's by-laws and federal, state, and local law.

The **DEF Finance Committee** shall be responsible for oversight of DEF finances and investments; the committee will meet quarterly to review all DEF financial matters and will advise and make relevant recommendations to the board. This committee shall consist of the board Treasurer and no fewer than 2 other DEF trustees; the board may appoint other committee members from outside the board. Non-voting, advisory committee members will be the investment accounts manager ("Investment Advisor") and the DEF staff financial manager, and may include the Executive Director.

The **Executive Director** is responsible for administering these policies and ensuring compliance with the procedures and policies approved by the Board of Trustees. Only the Board of Trustees may approve changes or amendments to these policies. The Executive Director has whatever authority is designated by the Board of Trustees, and has the authority to:

- Make spending decisions within the parameters of the approved budget
- Employ and terminate staff members.
- Keep employee files, including time sheets and/or other wage-related paperwork
- Enter into contractual agreements within the parameters of Board decisions and policies
- implement the organization's accounting procedures, within the parameters of these policies
- Provide monthly budget reports and quarterly financial reports to the Board of Trustees

**Financial Controls:**

**Accounts**

The Durango Education Foundation shall maintain its accounts in financial institutions that are federally insured or member SIPC. insofar as practical, all funds received by DEF shall be deposited within two business days of receipt. All nonproductive funds shall be invested in accordance with the investment policy established by the board.

**Annual Budget**

- The Executive Director and the Financial Manager shall draft a proposed annual budget, incorporating information from the committee chairs and other Trustees whose work for the Foundation will result in expenditure or projected revenue.
- The Executive Committee shall be responsible for reviewing and amending the draft

annual operating budget and proposing the final draft to the Board for approval. The Board shall be responsible for adopting the annual operating budget.

- No expense shall be incurred in excess of the total budgetary appropriations without prior approval of the Board.

#### **Check-Signing Authority**

- Authorization for signatures necessary on contracts, checks, and orders for payment, receipt, deposit or withdrawal of money, and access to securities of the Durango Education Foundation shall be provided by resolution of the Board.
- Two designated Board Trustees, the Executive Director, the Finance Manager (if applicable) are authorized to sign checks. An authorized check signer will make disbursements only upon review of the transaction for the existence of proper supporting documentation, such as a purchase order or receipt. No checks will be made payable to cash. All checks will be signed by someone other than the payee.
- Checks up to and including \$5,000 require one signature
- Checks above \$5,000 require two signatures.

#### **Monthly Review**

The Treasurer will review all disbursements from DEF's checking account as well as the statement from the investment management entity on a monthly basis. The Treasurer will document the review by signing both statements and providing it to staff for filing.

#### **Gift Acceptance Policy**

The Durango Education Foundation actively solicits gifts and grants to further the mission of the organization. The Executive Director and the Board of Trustees have the authority to solicit and/or accept gifts on behalf of DEF. There is a potential that the acceptance of certain gifts could compromise the ability of the organization to accomplish its goals, or could jeopardize its exempt status. Therefore, the following must be considered in accepting gifts:

- Is the gift consistent with the organization's standards and principles?
- Will the gift unnecessarily challenge the organization's ability to further its mission, goals, or objectives?
- Will the acceptance of the gift present the organization in an unfavorable light?
- Is there an appearance of a conflict of interest between the donor and the organization?
- Is there a clear charitable intention?
- Is the acceptance of the gift compatible with other fund-raising activities of the organization?
- Gifts can encourage or discourage others from giving. What effect will this gift have on the organization's bottom line?

#### **Reserves and Endowment Policy**

The primary operating reserve objective of the Durango Education Foundation is to maintain a financial reserve to provide for approximately 12 months of operating income in the organization's General Fund; sufficient cash shall be held in this account to cover 6 months of salary expenses plus the amount committed by board budget for anticipated academic grant commitments. The Board of Trustees may designate funds in excess of this amount to be moved to the Sustainability Fund at the end of any operating year.

#### **Procurement Policy for Goods and Services**

The following requirements will apply to all purchases and/or contracts over \$2500:

1. Proposals must be solicited from at least three qualified sources unless sole source is justified by Executive Committee approval. Sole source justification will be required for all contracts or capital purchases over \$2,500.
2. If the purchase or contract amount has been included within a line item in the annual budget, decision to award may be made by the Executive Director and two members of the Executive Committee.
3. If the purchase or contract is not covered within a line item in the annual budget, the

Executive Director and two members of the Board of Trustees will conduct evaluations of the proposals, and will recommend a vendor to the Board of Trustees; final approval of such vendor must be provided by the Board of Trustees.

4. The award will be made to a responsible organization or individual whose proposal is most appropriate to DEF's need, with vendor location, price and other factors considered.
5. The Durango Education Foundation is an Equal Opportunity Employer.
6. Decisions regarding contracts and capital purchases over 52,500 will be made in compliance with DEF's Conflict of Interest Policy.

In general, insofar as possible, preference will be given to local vendors. At the discretion of the board, allowance may be made for local vendor pricing.

### **Property and Equipment Policy**

All property with a value of \$500 or more will be entered on a property inventory by the Executive Director and will be reported to the accountant! along with an estimate of the assets useful life for purposes of depreciation.

### **Risk Management/Indemnity**

The Durango Education Foundation shall purchase and maintain insurance on behalf of any person who is or was serving at the request of DEF, as a Trustee, Officer, Employee, Agent, Volunteer, or other enterprise, against any liability asserted against him or her while serving on behalf of DEF. Insurance coverage will! be reviewed by the Executive Director and the Finance Committee on an annual basis.

### **Documentation of Use of Restricted Grant Funds**

At the discretion of the Executive Director and DEF Executive Committee, grant funds may be accounted for in aggregate in financial reports. Use of grant funds for restricted purposes may be documented through maintenance of a separate file for each grant, including documentation from the funded school regarding the use of the grant, and, if deemed necessary by the E.D. and/or Executive Committee, documentation from the Durango School District 9-R Finance Department proving that the funds were expended for the specified grant program.

### **Investment Policies**

DEF investment policies are delineated in a separate policy document, "DEF Investment Policies."

### **Fees for Fiscal Management**

Through November 2014, the fee structure has been as follows: DEF charges 1.50% annually to handle named funds above \$10,000; a \$100 management fee is charged on all scholarships, regardless of scholarship value; there is no charge to handle restricted gifts.

Beginning June 20, 2019, the fee structure shall be as follows:

- 1) All current relationships will be grandfathered.
- 2) The management fee on all named funds will remain at 1.5%/year
- 3) Named Funds- we will take an administrative fee of 6% of the value of the scholarship, with a minimum of \$100
- 4) The administration fee on annually-funded scholarships of \$1000 or greater will be set at 6% with a minimum of \$100. Scholarships of a lesser amount will be handled on a case by case basis.
- 5) The management fee on restricted gifts outside of the named funds (including those we would formerly have handled as pass-throughs) will be 3%, with a minimum of \$100
- 6) If the restricted gift includes a line item for management costs, and that amount exceeds the fees stated in #5, above, then there will be no additional fees charged.
- 7) The management fee for providing fiscal agency for an outside funder on behalf of a 9-R entity will be 3%-5% depending on time requirements with the final fee approved by the board with a recommendation of the Finance Committee.