



Financial Policy

Last Updated Nov 14, 2023

Philosophy

The purpose of financial management in the operation of all Princeton Justice Initiative (PJI) activities is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to stakeholders, including clients, partners, funders, employees, and the community. To accomplish this, PJI commits to providing accurate and complete financial data for internal and external use by the **CEO and the Board of Directors**.

Authority

The Board of Directors is ultimately responsible for the financial management of all activities. The Treasurer is authorized to act on the Board's behalf on financial matters when action is required in advance of a meeting of the Board of Directors:

- The **Treasurer and CEO** are responsible for the day-to-day financial management of the organization. The Board authorizes the Treasurer and CEO to hire and supervise staff and independent consultants, pay bills, receive funds, and maintain bank accounts.
- The Treasurer is authorized to sign checks greater than \$250 and up to \$10,000 (ten thousand dollars). Checks for amounts greater than \$10,000 are not permitted. Checks of value under \$250 do not require pre-authorization.
- The Treasurer and CEO are authorized to enter into contracts for activities that have been approved by the Board as a part of budgets or plans. The Board of Directors must authorize any contracts outside of these parameters.
- The Treasurer and CEO are authorized to manage expenses within the parameters of the overall approved budget, reporting to the Board of Directors on variances and the reason for these variances.
- The Treasurer and Accountant share responsibility to audit petty cash.

Responsibilities

The **Treasurer and CEO** shall:

- Account for donor restricted and board designated funds separately from general operating funds, and clearly define the restrictions applicable to these funds.
- Report the financial results of PJI operations quarterly.
- Pay all obligations and file required reports in a timely manner.
- Make no contractual commitment for bank loans, corporate credit cards, or for real estate leases or purchases without specific approval of the Board.



- Record fixed assets with purchase prices greater than \$2,500 (two thousand five hundred dollars) as capital assets in accounting records.
- Depreciation of capital assets will not exceed five years for furniture and equipment or three years for computer and other technology equipment.
- Limit vendor credit accounts to prudent and necessary levels.
- Obtain competitive bids for items or services costing in excess of \$10,000 per unit. Selection will be based on cost, service, and other elements of the contract.

PJI may award the bid to any provider and is not required to accept the lowest cost proposal.

The Board of Directors shall:

- Review financial reports at each board meeting.
- Provide adequate training to members to enable each member to fulfill his or her financial oversight role.

The accountant shall:

- Prepare and post receipts
- Reconcile bank accounts
- Assist the Treasurer and CEO with reconciliation of wages
- Assist the CEO with verification of goods and services
- Assist the CEO with preparing requests for funds
- Assist the Treasurer and CEO with comparing checks and vouchers
- Assist the Treasurer and CEO with maintaining the general ledger
- Assist the CEO with tracking match contributions
- Compute the cost allocation of expenses
- Assist the accounting firm and CEO with full financial reports
- Assist the Treasurer and CEO with preparing federal financial reports
- Assist the Treasurer with drawing funds from the PMS
- Assist the accounting firm with information required for an audit

Financial Transactions with Insiders

No advances of funds to employees, officers, or directors are authorized. Direct and necessary expenses including travel for meetings and other activities related to carrying out responsibilities shall be reimbursed.

In no case shall PJI borrow funds from any employee, officer, or director of the organization under any circumstances.



Budget

To ensure that planned activities minimize the risk of financial jeopardy and are consistent with board-approved priorities, long-range organization goals, and specific five-year objectives, the Treasurer and CEO shall:

- Submit operating and capital budgets to the Board of Directors in time for reasonable approval by the Board prior to each fiscal year.
- Use responsible assumptions and projections as background, with the general goal of an unrestricted surplus.

Gift Acceptance

PJI will accept stock or other negotiable instruments as a vehicle for donors to transfer assets to the organization. Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with accounting standards. The Treasurer and CEO shall sell any stock given to the organization immediately upon receipt by the organization.

PJI shall accept contributions of goods or services other than cash that are related to the programs and operations of PJI. Any other contributions of non-cash items must be reviewed and approved by the Board of Directors before acceptance.

Asset Protection

To ensure that the assets of PJI are adequately protected and maintained, the Treasurer and CEO shall:

- Insure against theft and casualty losses to the organization and against liability losses to Board members, staff, or the organization itself to levels indicated in consultation with suitable professional resources.
- Plan and carry out suitable protection and maintenance of property, building, and equipment.
- Avoid actions that would expose the organization, its board, or its staff to claims of liability.
- Protect intellectual property, information, and files from unauthorized access, tampering, loss, or significant damage.
- Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.