

# **Accounting and Finance Policy and Procedure Manual**

## **Ronin Institute for Independent Study**

### 1. Introduction

#### 1.1 Purpose

#### 1.2 Scope

#### 1.3 Review and Approval

### 2. Financial Management Structure

#### 2.1 Roles and Responsibilities

#### 2.2 Governance and Oversight

### 3. Accounting Policies

#### 3.1 Financial Statements

#### 3.2 Accounting Principles

#### 3.3 Chart of Accounts

#### 3.4 Internal Controls

#### 3.5 Financial Year

### 4. Revenue Recognition

#### 4.1 Membership Dues

#### 4.2 Donations and Grants

#### 4.3 Event Income

#### 4.4 Other Income

### 5. Expense Management

#### 5.1 Authorization of Expenditures

#### 5.2 Expense Reimbursement

#### 5.3 Payment Processing

#### 5.4 Procurement Procedures

### 6. Budgeting and Forecasting

#### 6.1 Budget Preparation

#### 6.2 Budget Monitoring

#### 6.3 Variance Analysis

### 7. Cash and Asset Management

#### 7.1 Bank Accounts

#### 7.2 Cash Handling Procedures

#### 7.3 Investment Policies

#### 7.4 Asset Management and Depreciation

### 8. Reporting Requirements

#### 8.1 Internal Financial Reporting

[8.2 External Financial Reporting](#)

[8.3 Tax Reporting](#)

[9. Audit and Compliance](#)

[9.1 Internal Audits](#)

[9.2 External Audits](#)

[9.3 Compliance with Legal and Regulatory Requirements](#)

[10. Policy Amendments](#)

[10.1 Review Cycle](#)

[10.2 Approval Process](#)

## **1. Introduction**

### ***1.1 Purpose***

The purpose of this manual is to provide a clear framework for the financial and accounting management of the Ronin Institute for Independent Study (The Organization). This manual outlines policies and procedures that ensure the Organization's financial operations are conducted with transparency, accountability, and in alignment with the Organization's mission and goals.

### ***1.2 Scope***

This policy applies to all employees, board members, volunteers, and members of the Ronin Institute for Independent Study involved in financial operations or decision-making processes.

### ***1.3 Review and Approval***

The policy and procedure manual will be reviewed annually by the Finance Working Group, and any significant updates will be approved by the Board of Directors.

## **2. Financial Management Structure**

### ***2.1 Roles and Responsibilities***

- Board of Directors: Has ultimate responsibility for financial oversight, approves budgets, and reviews financial reports.
- Treasurer: Has the following duties:
  1. Overseeing day-to-day financial operations,
  2. Ensuring compliance with financial policies,

3. Presenting financial statements to the board,
4. Making a financial report at each Council meeting,
5. Assisting in the preparation of the budget,
6. Helping the Council develop fundraising plans,
7. Making financial information available to Fellows and the public where required,
8. Being responsible for, the receipt, disbursement, and accounting for all funds and securities of the corporation, and deposit all such funds in the name of the corporation in such banks, trust companies, or other depositories as shall be selected by the Council.
9. Receiving, and giving receipt for, monies due and payable to the corporation from any source whatsoever. And they shall disburse, or cause to be disbursed, the funds of the corporation, taking proper vouchers for such disbursements, keeping and maintaining adequate and correct accounts of the corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains, and losses.
10. Exhibiting at all reasonable times the books of account and financial records to any Councilor of the corporation on request.
11. Rendering to the Chair and Councilors, whenever requested, an account of any or all of their transactions as treasurer and of the financial condition of the corporation.
12. Preparing, or causing to be prepared, and certifying, or causing to be certified, the financial statements to be included in any required reports.
13. Leading the Finance Working Group, or designate another Fellow as lead, which will be composed of 3-4 Fellows.
14. Overseeing an annual review and audit of the corporate books by an external party when required by California statute.
15. Ensuring that whenever financially feasible, they use an external accountant to manage the books.
16. Overseeing the bookkeeping and reconciliation process.

- Finance Working Group: Provides guidance on financial strategy, reviews financial policies, and monitors budget performance.
- External Auditor: Conducts an independent audit of financial statements to ensure accuracy and compliance with accounting standards.

## ***2.2 Governance and Oversight***

The governance structure of the Organization supports the separation of duties to ensure checks and balances. Financial decisions require approval from multiple levels of the Organization (Board, Finance Working Group) for accountability.

### **3. Accounting Policies**

#### ***3.1 Financial Statements***

The Organization will prepare the following financial statements on a regular basis:

- Statement of Financial Position (Balance Sheet)
- Statement of Activities (Income Statement)
- Statement of Cash Flows

These reports will be prepared quarterly and annually and shared with the board and Finance Working Group. These reports will also be made available to members electronically.

#### ***3.2 Accounting Principles***

The Organization follows Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS), ensuring that all financial records are maintained in accordance with these guidelines.

#### ***3.3 Chart of Accounts***

The Organization maintains a Chart of Accounts that categorizes all revenues, expenses, assets, liabilities, and net assets to support consistent financial tracking and reporting.

#### ***3.4 Internal Controls***

Internal controls will be implemented to safeguard the Organization's assets, ensure accurate financial reporting, and prevent fraud. This includes segregation of duties, reconciliations, and approval processes for expenditures.

#### ***3.5 Financial Year***

The financial year for the Ronin Institute for Independent Study will be from July 1 to June 30.

### **4. Revenue Recognition**

#### ***4.1 Membership Dues***

Membership dues (if any) will be recorded as revenue in the period in which they are earned. Deferred revenue may be recognized for dues received in advance of the membership period.

#### ***4.2 Donations and Grants***

Donations and grants will be recognized as revenue in the period they are received or when all conditions for recognition have been met, as per donor or grant agreements.

### ***4.3 Event Income***

Revenue from events, such as conferences or workshops, will be recognized when the event occurs. If funds are received in advance, they will be recorded as deferred income until the event is held.

### ***4.4 Other Income***

Other sources of income, such as interest from investments, will be recognized as they are earned.

### ***4.5 Checks and Notes:***

Except as otherwise specifically determined by resolution of the Council, or as otherwise required by law, checks, drafts, promissory notes, orders for the payment of money, and other evidence of indebtedness of the corporation shall be signed by the treasurer and countersigned by the Chair of the corporation.

### ***4.6 Deposits:***

All funds of the corporation shall be deposited within one month from receipt to the credit of the corporation in such banks, trust companies, or other depositories as the Council may select.

### ***4.7 Gifts:***

The Council may accept on behalf of the corporation any contribution, gift, bequest, or devise for the nonprofit purposes of this corporation.

## **5. Expense Management**

### ***5.1 Authorization of Expenditures***

All expenditures must be authorized by the (or Treasurer in their absence) and approved according to the Organization's approval hierarchy. Major expenditures must receive board approval.

### ***5.2 Expense Reimbursement***

Employees, volunteers, and board members may be reimbursed for expenses incurred on behalf of the Organization. All reimbursement requests must be submitted with proper documentation within 30 days of the expense.

### ***5.3 Payment Processing***

All payments will be made by check, electronic transfer, or credit card, as authorized by the Treasurer. Supporting documentation (invoices, receipts) must accompany all payments.

### ***5.4 Procurement Procedures***

Purchases over \$1000.00 (one thousand dollars) require at least three bids or quotes to ensure competitive pricing. All vendors must be approved by the Finance Working Group before a contract is signed.

## **6. Budgeting and Forecasting**

### ***6.1 Budget Preparation***

The annual budget is prepared by the Treasurer in consultation with department heads and reviewed by the Finance Working Group. The budget is approved by the Board of Directors.

### ***6.2 Budget Monitoring***

The budget is reviewed quarterly to compare actual results against projections. Variances must be explained, and corrective actions should be taken if necessary.

### ***6.3 Variance Analysis***

Significant variances ( $\pm 10\%$ ) between actual results and budgeted figures will be investigated, and a report will be provided to the board with recommendations for adjustments or corrective actions.

## **7. Cash and Asset Management**

### ***7.1 Bank Accounts***

All funds will be deposited into the Organization's primary bank account. Separate accounts may be maintained for specific projects, as approved by the Finance Working Group.

### ***7.2 Cash Handling Procedures***

Cash received will be counted, recorded, and deposited by two individuals. Cash disbursements are discouraged and should be minimized.

### ***7.3 Investment Policies***

Excess funds will be invested according to the investment policy approved by the Finance Working Group. The primary goal is capital preservation with secondary consideration given to earning a reasonable return.

### ***7.4 Asset Management and Depreciation***

All physical assets purchased by the Organization will be recorded and depreciated according to GAAP or IFRS. A fixed asset register will be maintained for tracking purposes.

## **8. Reporting Requirements**

### ***8.1 Internal Financial Reporting***

The Treasurer will provide quarterly financial reports to the Finance Working Group and board, including budget-to-actual comparisons, cash flow statements, and fund balances.

### ***8.2 External Financial Reporting***

The Organization will submit an annual financial report to members during the annual general meeting. Additionally, financial reports will be made available upon request to donors and grantors.

### ***8.3 Tax Reporting***

The Organization will file its annual IRS Form 990 and state tax filings (if applicable) on time. The Treasurer is responsible for ensuring compliance with all tax reporting requirements.

## **9. Audit and Compliance**

### ***9.1 Internal Audits***

The Finance Working Group will conduct periodic internal audits to assess the adequacy of internal controls, compliance with financial policies, and overall financial health of the Organization.

### ***9.2 External Audits***

An external audit of financial statements will be conducted annually by an independent auditing firm. Audit findings and recommendations will be presented to the board.

### ***9.3 Compliance with Legal and Regulatory Requirements***

The Organization will comply with all applicable federal, state, and local laws and regulations regarding financial management, reporting, and governance.

## **10. Compensation Decisions and Approvals**

The terms of compensation for contractors and employees and the basis for approving them shall be recorded in written minutes of the meeting of the Council that approved the compensation. Such documentation shall include:

1. the terms of the compensation arrangement and the date it was approved;
2. the members of the Council who were present during the debate on the transaction, those who voted on it, and the votes cast by each Council;
3. the comparability data obtained and relied upon and how the data was obtained:
  - a. If the Council determines that reasonable compensation for a specific position in this organization or for providing services under any other compensation arrangement with this organization is higher or lower than the range of comparability data obtained, the Council shall record in the minutes of the meeting the basis for its determination;
  - b. If the Council makes adjustments to comparability data due to geographic area or other specific conditions, these adjustments and the reasons for them shall be recorded in the minutes of the Council; any actions taken with respect to determining if a Council had a conflict of interest with respect to the compensation arrangement, and if so, actions taken to make sure the member with the conflict of interest did not affect or participate in the approval of the transaction (for example, a notation in the records that after a finding of conflict of interest by a member, the member with the conflict of interest was asked to, and did, leave the meeting prior to a discussion of the compensation arrangement and taking of the votes to approve the arrangement);

## **11. Policy Amendments**

### ***11.1 Review Cycle***

This policy will be reviewed every three years or as needed due to changes in regulations or operational needs.

### ***11.2 Approval Process***

Amendments to this policy require approval from the Finance Working Group and the Board of Directors before implementation.



Last Review Date: [Insert Date]

Next Review Date: [Insert Date]