

Instream Flow Council Financial Policy

This policy describes the requirements and restrictions related to budgeting, fiscal reporting, and financial expenditures. This policy shall be reviewed annually by the Executive Committee.

Budgeting and Fiscal Reporting

1. The annual budget shall be a tool that will accomplish the following objectives:
 - a. Satisfy the bylaw requirement that IFC prepare a budget.
 - b. Ensure that IFC has (or adequately plans to raise) sufficient funds to support its desired activities, as expressed in the Strategic Plan and annual Work Plans, including both project and operational needs.
 - c. Allow the Executive Committee to make decisions on allocations of resources, including current and future funds, and contracted services.
 - d. Help the Executive Committee fulfill its responsibility of ensuring IFC fiscal health
 - e. Include a reserve fund to enable IFC to weather times of limited income.
 - f. Determine whether expectations of contracted services are realistic, or whether they need to be increased to meet contract obligations, decreased due to overload, or whether additional assistance is needed.
 - g. Understand how each project contributes to the overall budget.
 - h. Facilitate tracking of budgeted and actual expenditures.
 - i. Facilitate tax-related reporting.
 - j. Illustrate IFC's fiscal status to potential funders as appropriate.
 - k. Illustrate the diversity (or lack of) of funding sources, to assist with fundraising planning.
 - l. Allow the Executive Committee to view and approve project budgets as well as the overall budget.
 - m. Enable quick assessments of fiscal status on Executive Committee calls.
2. The budget and fiscal reporting sheets should follow generally accepted formats for non-profit organizations, including a balance sheet, global budget (with narrative explanation), individual budgets for each project, and any related detailed sheets that feed into the individual budgets.
3. Summaries of actual versus budgeted income and expenses should be prepared quarterly.

4. Budgets should be organized to include the following general categories: income, operating expenses, and project expenses.
5. Good fiscal management suggests that an organization have six months worth of operating capital held back as a Board-Restricted Reserve to accommodate unanticipated fiscal needs. The budget shall include a Board-Restricted Reserve line item of at least \$60,000.00
6. IFC's financial records should be the subject of a financial review or audit at least every four years.
7. The Treasurer shall file, or cause to be filed, all necessary tax forms by their due dates.
8. All restricted funds shall be categorized as such and used only for their intended purposes.
9. It is acceptable for some annual budgets to show a deficit, but to remain fiscally viable, IFC should produce more years of surplus budgets than deficit budgets. This provides the flexibility to save the excess during surplus years for use during future years that require deficit spending.

Expenditure and Contracting Protocol

1. All expenditures shall be in accordance with approved budgets.
2. Expenditures consistent with approved project budgets may be made by the appropriate project manager.
3. If an expenditure is expected to exceed an approved budget line item the following practices shall apply:
 - a. Normal and customary expenditures not exceeding \$100 for a single purpose shall be made with the approval and signature of the Treasurer and with notification to the Executive Committee.
 - b. Expenditures or contractual agreements exceeding \$100 for a single purpose but not exceeding \$500 shall be paid with the approval of the President and the signature of the Treasurer and with notification to the Executive Committee.
 - c. Expenditures or contractual agreements exceeding \$500 for a single purpose shall be subject to the formal approval of the Executive Committee and payment authorized by the signature of the Treasurer.
4. The Board-Restricted Reserve may only be used under extreme circumstances, including paying outstanding expenses, maintaining insurance coverage, and honoring contracts. The Executive Committee must vote unanimously to release the reserve funds.

Adopted by the Governing Council on May 3, 2010.