

# Gunflint Trail Historical Society Financial Policy

## Purpose

The purpose of this policy is to fulfill the mission of the Gunflint Trail Historical Society (GTHS) in the most effective and efficient manner and to remain accountable to partners, members, funders, employees and the community.

## Authority

The Board of Trustees 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.
- Open and close bank accounts on behalf of GTHS and to move funds among those accounts.
- Open and close investment accounts on behalf of GTHS.

The *Executive Director* is authorized to:

- Sign checks up to \$2,500 for expenses that have been approved by the Board as part of budgets or plans. Checks for amounts greater than \$2,500 shall also require the signature of a Board Officer.
- Enter into contracts that have been approved by the Board as part of budgets or plans. The Board must authorize any contracts out of these parameters and all contracts with a financial value greater than \$10,000.
- Manage expenses within the parameters of the overall budget approved by the Board, provided that variances from the specific budget parameters and the reasons for these variances shall be reported to the Finance Committee each month.

Under no circumstances shall these authorities allow use of designated cash reserve funds without Board approval.

## Responsibilities

The *Board of Trustees* shall:

- Review financial reports at each Board meeting
- Approve the annual operating and capital budgets in advance of each fiscal year.
- Provide adequate training to enable each Trustee to fulfill fiduciary duties and financial oversight role.

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The *Executive Director* shall:

- Account for donor restricted and Board designated funds separate from general operating funds and clearly define the restrictions applicable to these funds. Provide financial statements to the Finance Committee within five days of the close of monthly business.
- Pay all obligations and file reports required by grantors, the Special Use Permit, the IRS and other external authorities in a timely manner.
- Record capital assets with purchase prices greater than \$500 as capital assets in accounting records and financial statements, maintain a depreciation schedule as appropriate, and record cumulative depreciation in accounting records and end-of-year financial statements.
- Seek competitive bids for items or services costing in excess of \$2,500 per unit.
- Administer other accountabilities as set forth in this policy.

## **Budget**

In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with Board-approved priorities, long-range organizational goals, specific five-year plans, and community sensibilities, the Executive Director shall:

- Submit proposed operating and capital budgets to the Finance Committee no later than November 15th of each year to allow for approval by the Board of Trustees prior to each fiscal year.
- Use responsible assumptions and projections as the basis for the budgets, with the general goal of an unrestricted surplus in the operating budget.

## **Cash Reserves**

GTHS will maintain at all times a minimum of 120 days of unrestricted current net assets, calculated as 1/3 of the approved annual operating budget, to keep GTHS operating in case of unforeseen expenses or a drop in income.

GTHS will maintain unrestricted current net assets in an amount projected for the coming five years in the GTHS Asset Management Plan.

## **Investment Policy (Other than Endowment)**

Cash reserves and cash not required for current operations will be invested as deemed appropriate by the Finance Committee. Investments must be government-secured and guaranteed. The Treasurer shall report monthly to the Board of Trustees on the status of investments, including the rate of return. All investments will be held in the name of the Gunflint Trail Historical Society.

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### Control & Access

All financial accounts shall be set up with 28 Moose Pond Drive, Grand Marais, MN 55604 as the mailing address for statements and will include info@gunflinthistory.org as the main email for digital statements.

All accounts shall have no less than 2 authorized signers with online account access. Authorized signers on all accounts should always include the Executive Director and Treasurer at a minimum.

### Asset Protection

In order to ensure that the asset of GTHS are adequately protected and maintained, the *Executive Director* 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 and refreshed annually. Property shall be insured for replacement cost.
- Plan and carry out protection and maintenance of property, building and equipment, consistent with the Asset Management Plan.
- Receive, process and disburse funds pursuant to controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.
- Train staff and volunteers in their responsibilities.
- Protect intellectual property, information, and files from unauthorized access, tempering, loss, or significant damage.
- Assure that museum exhibits and archives are protected from damage and properly maintained and preserved.
- Periodically evaluate the grounds, buildings and work practices of volunteers and staff to address safety concerns that could lead to illness or injury, or expose the organization, its board or its staff to claims of liability or government enforcement action.

*Amendments as recorded in Trustee minutes:*

July 11, 2022: Original document approved

December 11, 2023: Control & Access section added