

## Acme Nonprofit Risk Management Policy

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Acme Nonprofit is committed to protecting its human, financial, tangible, real estate, and goodwill assets and resources through the practice of effective risk management.

Acme's board and management are dedicated to safeguarding the safety and dignity of its paid and volunteer staff, its clients, and anyone who has contact with the organization. To this end, the board will ensure that the organization has a risk management plan for the organization that is reviewed and updated on an annual basis.

1. Policy Overview. Financial resources of Acme are the responsibility of the board of directors. The board will:
  - a. Have a clear plan for acquisition of financial resources to pay for the programs and services provided by Acme
  - b. Provide guidelines for management and allocation of financial resources which will produce optimum benefit for those we serve.
  - c. Monitor and evaluate the financial plans and guidelines of Acme to ensure the financial integrity of Acme
2. Budget. An annual operating budget will be prepared by the executive director and presented to the board for approval at least 60 days prior to the beginning of the next fiscal year. The budget will reflect the cost of carrying out the programs and services of Acme for the next fiscal year. This budget will also reflect the anticipated revenues of Acme.
3. Budget Review and Implementation. The budget will be viewed by the board as the financial plan for Acme, and approval of the budget by the board will be authority for the executive director to manage Acme's finances according to the plan without seeking further approval of the board. However, the executive will keep the board well informed of the ongoing status of the financial plan, and will not make expenditures outside of the budget plan without seeking board approval to amend the budget. Amendments to the budget will be presented to the board for approval for any of the following reasons:
  - a. Acme enters into compacts or contracts that were not included in the approved budget.
  - b. Management proposes a major expenditure that was not included in the approved budget.
  - c. Significant unanticipated revenues are received or cost overruns occur
4. Capital Reserves. A working capital reserve sufficient to keep Acme operating for at least a 60-day period will be maintained at all times.
5. Accounting Systems. The accounting system used by Acme will utilize generally accepted accounting practices (GAAP) that are required and/or recommended by regulatory or lending agencies and the Acme auditor.