



Cash Management Policy

Originally Issued: 02/07; Revised: 08/13

New Revisions/Updates: August 2017

1. Cash Policies

- A. Pratt may at times manage cash for different purposes i.e., operating, temporarily restricted, permanently restricted, endowments, and capital projects. This policy is written to ensure cash is separately reported on Pratt's balance sheet and separately maintained in bank accounts, if required, by this policy.
- B. Cash Flow reporting will NOT include cash held as permanently restricted, endowment funds and capital project funds.
- C. Pratt's "borrowing capacity" is a calculation to be determined by the Pratt Finance Committee and Board of Directors. As of August 2013, the borrowing capacity is set at \$450,000.
- D. Separate bank or investment accounts will be established for non-operating cash related to restricted, endowment and capital project cash as recommended by the Finance Committee and that the balance sheet will separately identify each cash account balance.
- E. Financial Statements will be provided to the Pratt Finance Committee on a timely basis prior to monthly meetings.
- F. Vendor invoice payments must comply with vendor payment terms and never to exceed 45 days aging from the invoice received date.
- G. Pratt management is encouraged to seek optimal interest rates on cash holdings within the above guidelines.

2. Account Guidelines

- A. Pratt shall maintain separate GL accounts in QuickBooks and bank accounts for the following cash accounts:
 - Cash unrestricted
 - Temporarily restricted
 - Permanently restricted
 - Capital project
 - Endowments
- B. Accounts Payable month end balance will reflect all unpaid vendor invoices received by month end.

3. General Policies

- A. Pratt shall maintain the books in accordance with Generally Accepted Accounting (GAAP).
- B. Pratt may not use funds from permanently restricted funds for operating purposes unless written authorization is received by the donor.
- C. Pratt will only use capital project funds to pay for approved capital project costs.
- D. Pratt will release funds from “temporarily restricted accounts” as donor goals are met.
- E. Pratt may move excess cash to higher interest yielding accounts in sufficient liquid form to meet Pratt’s future cash needs.
- F. At no time may Pratt take funds from a cash account that would cause such account balance to go negative as determined by the Pratt accounting books.
- G. Any interest from temporarily restricted fund accounts shall be considered unrestricted and available for use by operations.
- H. Interest from permanently restricted funds accounts is to be used to fund the intended purpose of the restrictions and hence should be moved to the appropriate restricted fund account for that purpose.

4. Accounts Payable

- A. Pratt shall enter all invoices into QuickBooks upon receipt using the invoice date to determine when the invoice is to be paid and to determine A/P aging.
- B. Vendor invoices shall be paid in accordance with invoice terms.
- C. If cash flow dictates that later payments are required, no invoice should be paid later than 45 days after invoice receipt unless invoice terms allow a later payment date. No interest expense or penalties are to be accrued for late payments.

5. Cash Flow

- A. Drawing funds to meet operating cash needs - As money is needed to cover cash flow, it should be taken from the following sources in the order below
 - i. Cash unrestricted
 - ii. Accounts Payable up to policy guidelines. If guidelines cannot be maintained an exception must be voted on by the Pratt Finance Committee and Board of Directors.
 - iii. Cash Temporarily Restricted
 - iv. LOC

6. Corporate Credit Cards & Visa Gift Cards

- A. The Pratt Purchasing Card Program is designed to enable authorized individuals to make official purchases of small dollar goods and services quickly, directly, and with as little paperwork as possible.
- B. Not all cardholders will enjoy the same spending limits because these are established on a case by case basis by the cardholder's department.

- C. Company credit card(s) are issued to Pratt employees for the payment of expenses incurred in the conduct of company business. Corporate card(s) should not be used for personal expenses nor are they transferable between employees.
- D. Charges on the card are the personal responsibility of the individual whose name is embossed on the card. Any transactions not properly documented and submitted as described below will be the cardholder's responsibility and may be charged back to the employee through payroll deduction.
- E. Company credit cards issued employees remain the property of Pratt Fine Arts Center at all times and will be surrendered upon termination of employment or upon management's request.
- F. Purchases from the Same Vendor -- Regardless of individually established spending limits, the Purchasing Card may NOT be used to buy goods or services from the same vendor which total \$5,000 or more annually without approval from the Executive Director or Designee.

7. Check Signing

A. Check Signing – The Executive Director is responsible for signing all checks up to \$6,000 (BOT October 2014). Checks over that amount require a second additional signature from an authorized signer on the account. The second signature can be waived if the first signer secures written authorization from the second signer. Payments for the following budgeted expenses are exempt from this policy:

- i. Interest and loan payments
- ii. Health Insurance Billing
- iii. Catalog printing
- iv. Glass batch
- v. Utility bills
- vi. Payments to auditors
- vii. Auction Expenses