

## **CASH MANAGEMENT POLICY**

**Effective Date: December 2006**

**Review Date: Yearly**

**Policy No. P04**

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### **POLICY**

The corporation should maintain an effective system of cash management that anticipates cash needs and plans adequately to satisfy them.

### **GENERAL**

Cash is required to pay for all assets and services purchased by the corporation and to meet all future obligations as they come due. The corporation should also be prepared for unanticipated cash outflows that may occur (contingency planning). This disbursement of cash, therefore, is a regular occurrence, and a sufficient level of cash should be kept available to meet these known and unanticipated requirements. However, cash is not a productive asset as it earns no return. Therefore, only cash necessary to meet anticipated day-to-day expenditures plus a reasonable cushion for emergencies should be kept available. Any excess cash should be invested in liquid income-producing instruments.

### **PROCEDURES**

It is Community Lutheran Partners, Inc. duty to maximize the return on all idle funds. Community Lutheran Partners, Inc. will therefore have an operating bank account that encompasses a "sweeping" mechanism to take idle funds on a daily basis for short term investing. The sweeping mechanism is only activated by the presence of excess funds. As the temporarily idle cash is needed it is made available. In the event of excessive idle funds for a sustained period of time, Community Lutheran Partners, Inc. will look at alternative short term investment vehicles. This policy will be reviewed annually by the Officers of the Board.

#### ***Expediting the receipt of all cash owed to Community Lutheran Partners, Inc.***

- The time lag between the actual date of service performance and the receipt and deposit of funds to the corporation's bank account should be kept to a minimum.
- Invoicing should take place at the earliest possible date following the service delivery.

#### ***Collection Practices***

Community Lutheran Partners, Inc. will conduct an ongoing review of all accounts receivable listings. All past due balances will be notified and followed up on a continuous basis. Delinquent accounts will be contacted immediately. All correspondence related to delinquent accounts will be properly documented. Accounts in excess of 90 days past due and of a substantial amount will be brought to the attention of the Treasurer.

#### ***Deferring Disbursements***

All cash disbursements will be released at the latest acceptable time, without affecting relationships with vendors. Early payment discounts will be taken advantage of if they result in significant benefit. All checks will be mailed at the end of the day. If needed, checks will be held and mailed at the end of the week to allow lag time for weekend processing.

## Community Lutheran Partners, Inc.

All contract negotiations involving payment to contracted parties will be reviewed and approved by the Treasurer and/or Executive Director. Terms for payment will be scrutinized for compliance to the above mentioned disbursement ideology.