

Global Carbon Standard

Financial Management Policy

Section 1: Appropriation of Funds

Purpose:

The organization's funds shall be used exclusively for the purposes outlined in its mission statement and in compliance with applicable laws and regulations.

Benefit to Stakeholders:

No part of the organization's net earnings or assets shall inure to the benefit of any private individual, board member, officer, or donor, except for reasonable compensation for services rendered or reimbursement of expenses incurred.

Necessary Income:

The organization may generate necessary income through activities directly related to its mission. Such income shall be used to support the organization's programs, projects, and administrative functions.

Expenditure Authorization:

Expenditure shall be authorized based on the approved budget. Any deviation from the budget requires board approval.

Handling Funds Donated by Outside Parties:

Funds donated by external parties (individuals, foundations, corporations) shall be used in accordance with the donor's intent as specified in the gift instrument. If there is no clear intent specified, funds will be designated as unrestricted. The organization shall maintain clear records of donor restrictions and ensure compliance.

Reserved Funds:

The board may establish reserved funds for specific purposes (e.g., emergency fund, capital improvements, program expansion). Reserved funds shall be managed prudently and reported transparently.

Designations for Operational Costs:

A portion of unrestricted funds may be designated for operational costs, including administrative expenses, salaries, and overheads. The board shall determine the appropriate allocation to sustain organizational functions.

Donation to Causes Deemed Appropriate by Majority Vote:

The organization may donate funds to causes, organizations or charitable initiatives deemed appropriate by a majority vote of the board. Such donations shall align with the organization's mission and values.

Section 2: Financial Controls

Budgeting, Reporting and Approval:



The Board of Directors shall approve an annual budget.

Regular financial reports shall be provided to the Board, detailing income, expenses, and financial health.

The board of directors shall prepare an annual budget that outlines the organization's financial plan. The budget must be approved by a majority vote of the board.

Investment Policies:

The organization shall establish investment policies to ensure prudent management of funds. Investments shall align with the organization's mission and risk tolerance.

Reserves and Endowment:

The organization may maintain reserves and endowment funds.

Reserves shall be used for emergencies or unforeseen circumstances.

Endowment funds shall be managed in accordance with established guidelines.

Section 3: Conflict of Interest

Disclosure:

Board members, officers, and staff shall disclose any monetary, fiscal, or commercial interests that may affect their decision-making.

A conflict of interest policy shall be in place to address such situations and GCS board members, officers, staff and affiliated entities will declare any known conflicts of interest in writing.

Recusal:

Individuals with a direct financial interest in a matter shall recuse themselves from related discussions, active management or oversight and votes related to that matter.

Section 4: Reviews

Internal Controls:

Internal controls shall be established to safeguard assets and prevent fraud.

The Finance Committee shall oversee internal control processes.

Section 5: Amendments

Amendments to Financial Policies:

Any amendments to fiscal management policies shall be approved by the Board.

Transparency shall be maintained throughout the amendment process.



Document History

Version	Date	Comment
1.1	4/30/2024	Minor grammar. Clarified additional COI interests

