

Assistance League of Orange®

5/25/2011

Finance Policy

The chapter Treasurer is the chief financial officer of the corporation and is responsible for the collection and disbursement of funds and for the financial records of the corporation, including any auxiliaries.

The Board needs to approve the reviewed or audited financial statements and record approval in minutes. The Board has the responsibility of reviewing Form 990 before it is submitted to the IRS.

FINANCE POLICY #1 – **Internal Controls**

1. Chapters shall comply with, and document internal control procedures as outlined in Internal Controls.(See Internal Controls Below)

FINANCE POLICY #2 – **Treasurer Position**

1. A corporation shall have only one Treasurer and may have Assistant Treasurers, as needed.

FINANCE POLICY #3 – **Banking Information**

1. All accounts at financial institutions, including auxiliary accounts, shall be titled in the name of the corporation.
2. The Board shall approve the opening and closing of all accounts, including auxiliary accounts.
3. Annually, the Board shall approve the authorized signers on all accounts, including auxiliary accounts.
4. Authorized signers on auxiliary accounts shall include Chapter President and Treasurer.
5. For Assisteens®, the additional signers would be the Assisteens® Coordinator, and the Assisteens® Treasurer, if 18 years old.

FINANCE POLICY #4 – **Checks**

1. Checks shall be signed by two (2) authorized elected members of the Board/governing body.
2. For internal control purposes, check signers shall not be related.

FINANCE POLICY #5 – **Electronic Transactions**

1. Electronic transactions, including, but not limited to, payment of bills and transfers between accounts, are authorized by the Board and shall be transacted by the Treasurer.

FINANCE POLICY #6 – **Insured Accounts**

1. Total deposits of the corporation, which includes auxiliaries, in any one financial institution shall not exceed \$250,000. (The maximum FDIC insured amount, or NCUSIF amount.)

FINANCE POLICY #7 – **Unrestricted Cash**

1. Chapters shall have unrestricted cash and cash equivalents, investments or other current assets (which may include program service and thrift shop inventories) sufficient for one year's total operating expenses.

FINANCE POLICY #8 – **Unrestricted Net Assets**

1. Unrestricted net assets shall not be more than three (3) times the size of the past year's total operating expenses or three (3) times the size of the current year's total operating expenses, whichever is higher.

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If this ratio is greater than three (3), unrestricted net assets may be adjusted by subtracting the value of any fixed assets (e.g., land, buildings, equipment, etc.), net of any related indebtedness, and the ratio recalculated.

FINANCE POLICY #9 – One-Year Operating Expense

1. Annually, the Board shall designate unrestricted net assets sufficient for one year's total operating expenses.

FINANCE POLICY #10 – Designation of Unrestricted Net Assets

1. The Board may designate a portion of unrestricted net assets for expansion, building, equipment or other use.

FINANCE POLICY #11 – Donor Contributions

1. Contributions received with donor imposed restrictions shall be used only for that purpose. Donor restrictions are met when expenses have been incurred even if the unrestricted resources are available for the same purpose.
2. Donor-restricted contributions whose restrictions are met in the same reporting period shall be reported as unrestricted support.

FINANCE POLICY #12 – Long-Lived Assets

1. Gifts of long-lived assets shall be reported as time restricted, which restriction expires over the useful life of the asset.

FINANCE POLICY #13 – Gifts

1. Gifts of stocks or securities shall be liquidated within six months after receipt.
2. The Board shall approve acceptance of donations of real property.

FINANCE POLICY #14 – Membership Dues

1. Per capita dues are paid annually in advance and are due to the chapter/Auxiliary by May 1 and are delinquent after May 31 (*Refer to Chapter Bylaws 10.02 for detailed dues amount*). Dues are not refundable.
2. Per capita national dues of \$35 are paid annually in advance and are due at the national office by June 1.
3. Payment of dues collected after May 31 shall be due at the national office within thirty (30) days following receipt by chapter.
4. Dues of \$17.50 collected from new members after December 1 shall be due at the national office within thirty (30) days following receipt by Chapter.

FINANCE POLICY #15 – 65% of total expenses on programs

1. Chapters shall spend at least sixty-five percent (65%) of their total expenses on program activities. For purposes of this calculation, total expenses shall exclude the cost of direct benefits to attendees of special events and cost of merchandise sold.

FINANCE POLICY #16 – Expenditure Fund Raising

1. Chapters shall spend no more than thirty-five percent (35%) of total support and revenue (excluding program service revenue and investment income) on fundraising expense. For purposes of this calculation, total support and revenue shall be reduced by the cost of direct benefits to attendees of special events and cost of merchandise sold.

FINANCE POLICY #17 – Expenditure Direct Benefits

1. Cost of direct benefits to attendees of special events and cost of merchandise sold shall be reported as line items deducted for related revenue.

FINANCE POLICY #18 – Allocated Expenses

1. Indirect costs (shared expenses) shall be allocated to each philanthropic program and to fundraising and Management & General.

FINANCE POLICY #19 – Utilization of Philanthropic Funds

1. The use of philanthropic funds may include but not limited to, transportation, registration, lodging and prepaid meals for members' attendance to educational programs (e.g., National Conference, Leadership Week, local seminars), with the requirement that said attendee returns from the educational program with documented action item(s), i.e. report, training session, implementation of new programs.

FINANCE POLICY #20 – Programs Exceeding 10%

1. Each program with expenses of 10% or more of total program service expenses shall be listed separately on the Statement of Activities in the annual audited or reviewed financial statements.

FINANCE POLICY #21 – Social Activity Expenses

1. Member social activity expenses shall be funded only by membership revenues to avoid private inurement, which is prohibited by the Internal Revenue Service (IRS).

FINANCE POLICY #22 – Budget

1. Annual corporate (including auxiliaries) budgets (operating and capital expenditures) shall be approved by the Board at the May Board meeting and the by the Membership at the May meeting.
2. Annual auxiliary budgets shall be approved by the auxiliary governing body and membership and presented to the chapter Finance (budget) Committee to be included in the annual corporate budgets by the April Board meeting.
3. The Board shall approve all line item budgets and budget changes.
4. The Membership shall approve only category budget items and changes.

FINANCE POLICY #23 – Unbudgeted Expenditures

1. An unbudgeted expenditure in excess of \$500 shall have the prior approval of the Board and membership. (*Refer to Chapter Bylaws 10.02*).

FINANCE POLICY #24 – Volunteer Hours

1. For financial statement disclosure purposes, chapters shall report hours of volunteer time spent on Assistance League business, and may include travel time.

FINANCE POLICY #25 – CPA Review

1. If the total support and revenue is less than \$750,000 averaged over three years a review by a certified public accountant is sufficient. The corporation shall have an annual audit when total support and revenue exceeds \$750,000 averaged over three years.

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2. The Board shall approve the reviewed or audited financial statements and record approval in the minutes.

FINANCE POLICY #26 – Availability of Financial Statement

1. Chapters shall make available to all, on request, complete annual financial statements prepared in accordance with generally accepted accounting principles.

FINANCE POLICY #27 – IRS Filings

1. Annually, the corporation shall file the appropriate IRS Form 990 and other required tax returns.
2. The Board has the responsibility of reviewing Form 990 before it is submitted to the IRS.

FINANCE POLICY #28 – Financial Reports to National

1. By October 15, mail two (2) copies of the audited or reviewed financial statements, two (2) copies of the Financial Compliance Report and one (1) copy of Form 990 to the national office, and, if an audit is performed, one (1) copy of the management letter from CPA.

Internal Accounting Controls

General:

1. Unused checks are kept in a secure location.
2. Include EIN number on all donor documents.
3. Contents of the safe deposit box shall be recorded in the Board minutes annually.

Cash Receipts:

1. All cash/checks received shall be counted independently by one person other than the Treasurer or Assistant Treasurer.
2. All cash/checks shall be requested to be made payable to the full name of the Chapter and mailed to the Chapter's official mailing address.
3. Checks shall be stamped or endorsed "for deposit only Assistance League of Orange® immediately upon receipt.
4. All cash/checks shall be deposited in the bank within 21 days of receipt. Any electronic funds shall be transferred to the banking institution within 21 days of receipt.
5. Duplicate deposit slips shall be made for bank deposits.
6. All cash and checks shall be counted and recorded before leaving the Chapter or event site.
7. Credit cards shall be an accepted means of payment. Any individual responsible for credit card payment shall be trained on the credit card procedures and sign the Information Security Policy. A Credit Card Batch Report shall be submitted to the Treasurer within five days of the transactions.
8. Thrift Shop and Boutique Noël shall use a cash register to reconcile daily sales. (Refer to Finance Handbook, Section 4, Daily Cash Register Report.)

Cash Disbursements:

1. All requests for payment must be submitted using the Request for Payment Form with receipts attached.
2. All expenses should be submitted within 30 days of the date.
3. Any expenses not submitted for payment by May 15 shall be considered a donation unless notification is provided to the Treasurer.

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4. All requests for Chapter related travel shall be approved in advance by the Education Chairman.
5. Emergency reimbursements for travel expenses incurred shall be determined on an individual basis by the Board.
6. Except in an Emergency, reimbursement checks shall be issued within 30 days. As determined by the Treasurer.
7. All expenses shall be paid by renumbered checks and any voided checks preserved and filed after appropriate mutilation.
8. Blank checks shall NEVER be signed.
9. Cash disbursement vouchers shall be prepared for each invoice or request for reimbursement, detailing the date of check, check number, payee, amount of check, description of expense account to be charged, appropriate signature and accompanying receipts. (Refer to Finance Handbook, Section 11, Sample Check Request Form.)

Merchandise Received:

1. Donated items may occasionally be offered for sale on an online auction site, i.e., eBay, or through other venues so as to maximize the benefit to the Chapter's philanthropic programs.
2. The Corporation reserves the right to refuse any gifts.

Monthly Controls:

1. Someone other than the person responsible for preparing/signing checks shall reconcile bank statements.
2. General ledger and checkbook MUST agree and be reconciled to bank statements.
3. Monthly financial reports shall be provided to the Board and made available to the general membership.
4. Auxiliaries shall present reconciled Financial Reports to the Treasurer quarterly.