

Rotary Club of Livermore

Revision Number: 4

Revision Date: 16 April 2019

Date of Policy Creation and Board Approval: 8 MAY 12

25. Financial Policies & Procedures

1. Purpose

- A. The policy and procedural guidelines contained in this policy are designed to:
 - 1. Protect the assets of the Rotary Club of Livermore
 - 2. Ensure the maintenance of accurate records of the Rotary Club of Livermore's financial activities
 - 3. Provide a framework of operating standards and performance expectations and,
 - 4. Ensure compliance with federal, state, and local legal and reporting requirements
- B. Exceptions to written policies may only be made with the prior approval of the Board of Directors. The Board of Directors may approve changes or amendments to these policies at any time. The Finance Committee or other Board designee shall conduct a complete review of this policy every three years beginning in 2015.
- C. All personnel with financial responsibilities are expected to be familiar with and operate within the parameters of these policies and guidelines.

2. Roles

- A. Club President: The Club President has the responsibility for administering this policy and ensuring compliance with procedures that have been approved by the Board of Directors, including:
 - 1. Making spending decisions within the parameters of the approved budget
 - 2. Entering into contractual agreements within agreements approved by the Board
 - 3. The Club President may establish procedures, which are not specifically addressed by this document but required for the effective implementation of this policy, when the financial impact is not over \$1,000 for any fiscal year. The Board of Directors must approve any unaddressed policy or procedure with an impact of over \$1,000.
 - 4. Based on recommendations from the Treasurer and the Finance Committee, approves the accounting system to be used.
 - 5. With Board approval, bookkeeping and accounting services may be purchased as necessary.
- B. Treasurer: The Club Treasurer has the primary responsibility for maintaining an accurate and transparent accounting record.
- C. Finance Committee: The Finance Committee is chaired by the Treasurer and has whatever authority as may be designated by the Board of Directors, including:
 - 1. Recommend for Board approval, an independent professional firm to perform an annual tax return for the club.

2. Recommend for Board approval, an independent professional firm to perform audits when requested by the Board. This may be a different independent firm from the one doing the tax return.
3. Perform in-depth reviews of the club's financial activity upon request by the Treasurer or the Board of Directors.
4. Perform a periodic review of this policy and recommend possible changes to the Board.
5. Reviews tax returns prior to filing.

The Finance Committee will be composed of: Treasurer, the Immediate Past-President, the President-Elect and two to five club members with experience in fund raising and/or finance. The latter are selected by the President subject to approval by the Board of Directors and serve for a term of one year, with the possibility of re-appointment annually.

D. Bookkeeper: With the advice of the Treasurer and the Finance Committee, the Board will hire a bookkeeper for the club to work as needed with the Treasurer. Duties will include:

1. As needed enter transactions from Club meetings and events into the accounting system
2. Create deposit slips to move funds into the Club's checking accounts as appropriate.
3. Record deposits into the appropriate accounts.
4. Prepare checks for the Treasurer's signature as required.
5. Produce weekly reports for the Treasurer. Monthly P&L, balance sheets, and A/R reports shall be produced by the Friday prior to the Board meeting, and other reports as needed. The bookkeeper is responsible for reconciling the bank accounts.
6. Additional weekly, monthly, and biannual duties as defined by the Treasurer.

3. General Accounting Policies

- A. The accounting system will follow standard accounting principals for nonprofit organizations, using Financial Accounting Standards Board (FASB) standards as applicable.
- B. Financial statements will be prepared using the accrual basis of accounting.
- C. The fiscal year is 1 July through 30 June.

4. Administration

- A. Financial duties and responsibilities are separated so that no one member has sole control over cash receipts, disbursements, reconciliation of bank accounts, or any critical accounting function.
- B. The accounting records shall be updated regularly and subject to the oversight of the Club President or Board of Directors or its designate.
- C. An accounting and financial document system accessible to the Club President, President-Elect and Treasurer must be maintained for all financial records. This filing system may be electronic, paper, or both.

- D. The performance of professional financial service providers must be evaluated continuously but at a minimum annually (accounting software, bookkeeping services, banking, and accountants) by the Finance Committee.

5. Budgets

- A. The President-Elect, working closely with the current Treasurer and President, prepares the annual budget for the upcoming fiscal year.
- B. The new Board of Directors approves the annual budget at its first meeting.
- C. The budget is reviewed by the Board of Directors at mid-year and adjusted as necessary to reflect changing conditions. Approval by the Board is required for changes.

6. Financial Statements:

- A. A financial overview and Profit & Loss Statement through the end of the previous month shall be made available to the Board of Directors at each Board meeting or at a lesser frequency subject to the Board's desire. This should include:
 - 1. Balance Statement, reflecting restricted account balances
 - 2. Profit and Loss Statement, including comparison to budget and restricted account activity
 - 3. Accounts Receivable Aging
 - 4. Bank Reconciliation Report
 - 5. Statement of cash flow
 - 6. A line-by-line budget vs actuals report
- B. Audit/Financial Review: An audit or financial review will be conducted on an as-needed basis as determined by the Board of Directors. The Treasurer, the Club President and the Accountant shall be involved in the audit/review. With the assistance of the auditing firm, the review is presented to the Board.
- C. The Treasurer shall be responsible for the preparation of Financial Statements.

7. Banking:

Two separate bank accounts are maintained for 1) operating expenses and 2) The Rotary Foundation District Designated Funds. No more than \$250,000 shall be on deposit at any one financial institution in order to not exceed FDIC insurance limits.

A. General

- 1. The Treasurer chooses a local financial institution that provides the most reliable and appropriate services for the lowest cost.
- 2. The operating account shall maintain sufficient funds to meet all anticipated expenditures. An operating reserve shall be set in accordance with Policy 27. The current operating reserve, or minimum balance is set at \$25,000(2019).
- 3. A savings account or other interest-bearing account may be used to replenish the operating account when necessary and to receive excess funds from the operating account when available.

B. Deposits

1. The person tabulating and depositing funds should be other than the person recording the deposits.
2. In general, bank deposits are made weekly. Cash amounts greater than \$5,000 are deposited by the next business day. Amounts up to \$400 may remain undeposited in a cash box that must be kept locked and in a safe location at all times by the Sergeant at Arms or Treasurer.
3. All funds are deposited in an assigned financial institution, with the exception of petty cash (see 10.0 Petty Cash). The Deposit Receipt is attached to a copy of the Deposit Ticket.

C. Check Signing

1. The check signers shall be the Club Treasurer, President, President-Elect and Secretary.
2. Blank checks are never signed in advance.

D. Bank Accounts - The Rotary Club of Livermore shall have two bank accounts:

1. Operating account. This account shall contain sufficient funds to cover daily operations needs. It should be large enough to cover normal variation in available funds. Adequate liquidity must be maintained to avoid a cash crunch and a disruption in operations. This means that the account will normally hold more than the annual budget amount.
2. Rotary Foundation District Grants Account. The Rotary Foundations requires that Rotary clubs that want to participate in the Foundation grant programs must have a Rotary Foundation Grants Account. This account is used to receive and disburse Rotary Foundation grant funds, for example for Global and District Grants. The account must be a non-interest-bearing checking account. This account is required to have this name and the club must be able to supply original deposit slips showing the name.

8. Credit and Debit Cards:

Credit Cards may be issued to Board of Director-approved club members to make incidental procurements of office supplies or consumable items. Debit Cards may be issued to and used by only the President and Treasurer.

9. Petty Cash Account:

A petty cash account is kept at the discretion of the Treasurer. Petty cash is used only when it is necessary to pay for goods or services by someone who cannot take a check, and to provide an adequate amount of change at weekly meetings and fund-raising events where cash is accepted.

A. To utilize/track Petty Cash:

1. A requisition form is completed for each reimbursement request and a receipt acquired upon payment.
2. Petty cash disbursements are limited to \$200.00.
3. Total petty cash funds should not exceed \$400.00, except where more funds are needed for change at fundraising events. When funds drop below \$300.00,

the account may be replenished by transferring cash into it. Full documentation for the Petty Cash Account shall be retained.

4. Petty cash can be disbursed only with the approval of the Treasurer or Club President. Petty cash requisitions are reviewed and coded by the accountant. Actual funds are managed and kept in a locked box by the Sergeant at Arms or the Treasurer.
5. The petty cash account shall be reconciled by the Treasurer prior to replenishment and at least monthly.

10. Disbursements

- A. Whenever possible, separate persons are responsible for coding, preparing, and authorizing disbursements.
- B. Bills are paid in a timely manner, generally weekly, and before late penalty charges apply.
- C. Attempts shall be made to issue checks to members, vendors and award recipients as soon as practical, although advance notice of at least five business days is recommended.
- D. Two signers are required for checks greater than \$1,000, except for paying weekly meeting costs.
- E. No checks may be written to "cash" or "bearer."

11. Reimbursements:

A reimbursement request form is prepared and approved by committee chairs/directors when requesting personal reimbursement for Rotary Club of Livermore expenses. Relevant invoices and receipts must be attached to the request form, a copy of which is attached to this policy. Reimbursement will not be granted without the properly filled out, signed and approved form.

12. Account Reconciliations:

Reconciliation of bank and credit card statements are to be completed at least monthly by the bookkeeper. Someone other than the check signer or writer shall reconcile bank statements.

13. Large Purchases:

- A. Generally, the Rotary Club of Livermore seeks three quotations for purchases greater than \$1,000 where at least three suppliers are available for that service or product.
- B. The Board of Directors must approve all purchases for items costing more than \$5,000, including budgeted items.

14. Conflict of Interest:

All club members shall avoid impropriety and the appearance of impropriety in all of their activities. The test for appearance of impropriety is whether the conduct would create in reasonable minds a perception that the member's ability to act with integrity and impartiality is impaired.

15. Capital Expenditures:

- A. Tangible assets exceeding \$2,000 and expected to last longer than a year are classified as capital assets and included in an inventory record. The capital assets inventory record contains descriptions, serial numbers, dates of purchase or receipt, valuations, dates of valuation and item locations.
- B. The accountant or the Treasurer prepares a depreciation schedule annually.

16. Donations

Donated materials, capital assets, and services are recorded at fair market value, following IRS rules.

17. Misuse of Funds

Any member of the club may report a suspected misuse or irregularity in the handling of club funds to a club officer. Said officer shall conduct a preliminary investigation of the allegation and report the result to the Board of Directors for further action.

POLICY # 25 - APPENDIX A—Procedures

Deposits - Club Funds

- All checks cash and credit card receipts are recorded in an electronic log, listing the date received, payer, purpose, and amount received. All club checks are stamped “for Deposit only” upon receipt.
- After the deposit is made, the Deposit receipt and a copy of the deposit are transmitted to the bookkeeper.

Deposits - Other Funds

- Donation checks intended for transmittal to a 501(C)(3) organizations are handled separately from club funds. The donations are recorded in an electronic log and conveyed to a club member who is specifically designated as the courier for each particular charity. The club member makes a personal record of the receipt of the donation and then hand delivers the donations or uses the USPS to convey the donations to the appropriate charity.

Accounts Receivable (Billing)

- Invoices for accounts receivable are sent out, either by email or mail, as soon as practical.

Accounts Payable (Disbursements)

- All payments, except petty cash, are made by pre-numbered checks-
- Invoices are reviewed to ensure that the goods were received or services rendered.
- Printed checks plus documentation are passed to the Treasurer or Club President for signing.

Check signing

- Sequentially numbered organizational checks are used to maintain a proper control over the checks. Voided checks are kept and clearly marked VOID-

Account Reconciliations

- Bank accounts are reconciled by the Bookkeeper monthly against the QuickBooks records.
- The Treasurer and one other Finance Committee member should review reconciliations.

POLICY # 25 - APPENDIX B - BUSINESS RECORDS RETENTION SCHEDULE

Internal Revenue Code Section 6001

Consistent record retention supports a paper trail for organization activities and serves as documentation for a financial or IRS audit. The IRS offers record retention guidelines in Code Section 6001 and Publication 583 – Starting a Business and Keeping Records.

This schedule should be used as a guide. It may be modified as necessary to meet our specific needs.

PERMANENT RECORDS

Retained records may be kept electronically (preferred) or on paper

- Audit reports of CPAs
- Chart of Accounts
- Correspondence (legal and important matters only)
- Bills of sales, as well as contracts and leases still in effect
- Financial statements-end of year (other months optional)
- General ledgers
- Insurance records, current accident reports, claims policies
- 1. Minute books of Directors, including Bylaws and Charter
- Tax returns and worksheets, Revenue Agents' Reports and other documents relating to determination of income tax liability

SIX TO SEVEN YEARS

- Accident reports and claims (settled cases)
- Accounts payable (see Voucher Register)
- Accounts receivable ledgers and trial balances
- Contracts and leases (expired)
- Expense analyses and expense distribution schedules
- Inventories of products, materials and supplies
- Invoices from vendors (see Vouchers)
- Notes receivable ledgers and trial balances
- Purchase orders
- Sales records
- Scrap and salvage records-inventories, sales, etc.
- Subsidiary ledgers to the general ledger and trial balances

- Voucher register and trial balances
- Vouchers for payments to vendors

TWO TO THREE YEARS

- General Correspondence
- Insurance policies which have expired
- Internal audit reports, including working papers (in some situations, longer retention periods may be desirable)
- Miscellaneous internal reports
- Petty cash vouchers
- Physical inventory tags

ONE YEAR OR LESS

- Bank reconciliations (keep one year)
- Bank statements (keep one year)
- Correspondence of unimportant nature with customers or vendors
- Duplicate deposit slips
- Purchase orders (except purchasing department copy)
- Requisitions

POLICY # 25 - APPENDIX C–Document History

A complete rewrite of this document that includes both new policies and detailed procedures. Adopted by the Rotary Club of Livermore Board of Directors by unanimous vote at a regular meeting on 21 April 2015.

A major revision of this document was prepared in September of 2017 and approved by the Board of Directors on 17 October 2017.

A major revision of this document was prepared in January of 2019 and approved by the Board of Directors on .



Rotary Club of Livermore

P.O. Box 694
Livermore, CA 94551-0694



Reimbursement/Payment Request

(Repayment requests should be completed within two weeks after the event)

Name _____ Phone _____ Date _____

Address _____ City/State _____ Zip _____

E-mail _____

Name of Activity: _____

Date(s) of event: _____

Committee: _____

Expense Item (supplies, meals, merchandise, service, transportation, hotel, etc.)	Amount (Attach receipts)

Approved by (Committee Chair/Director)

_____ Total requested _____

Make check out to: _____ Date paid _____

Mailing Address for Check Recipient:

When completed, give this form to the Treasurer.