Note: This document was developed by compiling prior ILF Board actions, prior policies from the ILF Leadership Notebook, recommendations from an external accounting/audit firm, best practice policies and Generally Accepted Accounting Principles (GAAP). This document replaces ALL prior related financial policies and procedures.

Item 5: Supplemental Informational Attachments are provided for staff and volunteers with responsibilities over day-to-day financial management as a training guide. The Supplemental Informational Attachments are NOT policies.

ILF Board of Directors in office when these policies were approved on April 13, 2017, include: Officers President David Peter, Immediate Past-President Robyn Young, President-Elect Edra Waterman, Secretary Diane Huerkamp, Treasurer Stephanie Davis, Assistant Treasurer Mike Williams; and Directors Cheryl Blevens, Latrice Booker, Kelly Ehinger, Jason Hatton, Michelle Houser, June Kruer, Laurel Setser, Jake Speer, Dan Toon, and Tara White.
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A. Introduction

The Indiana Library Federation (ILF) is a 501 (c)3 not-for-profit organization whose mission is to promote all libraries in Indiana and foster the professional growth of members. The Fiscal Year is January 1 to December 31.

The purpose of this document is to describe accounting policies and procedures currently in use at Indiana Library Federation and to ensure that the financial statements conform to generally accepted accounting principles; internal controls are in place; assets are safeguarded; funder and donor intent is honored; and finances are managed with accuracy, efficiency, and transparency.

All Indiana Library Federation’s volunteers and staff with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this document.

Indiana Library Federation utilizes various technology and softwares to maintain and process its finances, including online membership software, financial accounting software, online banking, online investment allocations and online payroll processing.

These policies will be reviewed annually and revised as needed and will be approved by the Finance Committee of the Board of Directors.

Policies and financial reports are made available to members through the website.

B. Division of Responsibilities

The following is a list of volunteer and paid personnel who have general fiscal and accounting responsibilities, though the division of responsibility among paid staff positions may change with staff availability, ensuring adherence to internal controls.

Board of Directors – governance and oversight

1. Reviews and approves the annual budget
2. Reviews annual and periodic financial statements and information
3. Reviews Executive Director’s performance annually and establishes the salary
4. Ensures a board officer reviews and approves the expense reimbursements for the executive director and the credit card / debit card statements for the organization
5. Two members of the Executive Board will be appointed by the board to be authorized signers on the bank accounts
6. Reviews and approves all contracts over ($50,000)
7. Reviews and approves all non-budgeted expenditures over $1,000 and ensures second signature on expenses over $5,000.
8. Reviews and advises staff on internal controls and accounting policies and procedures
9. Reviews and approves the IRS Form 990
10. Determines whether the organization should have an audit and, if so, recommends the auditor
11. Authorizes, as needed, the Finance Committee, and or the Treasurers, to draft the annual budget, review monthly financial reports, review policies and procedures on an annual basis, and other duties for recommendation and approval by the full Board of Directors
Executive Director – approvals and oversight; backup to Finance Manager for processing

1. Sees that an appropriate budget is developed annually
2. Reviews and approves all contracts
3. Reviews and approves all grant proposal submissions, as well as related reports
4. Oversees resource development for membership dues, conference revenues and contributions
5. Serves as the on-site signatory for all bank accounts
6. Reviews incoming invoices, reimbursements and programmatic requests, and approves expenditures for issuance of payments
7. Approves inter-account bank transfers, investment allocations and appropriate release of temporarily restricted funds
8. Monitors and manages all expenses to ensure most effective use of assets
9. Oversees programmatic expense allocations
10. Reviews, revises, and maintains internal accounting controls and procedures to ensure adherence to appropriate internal controls
11. Reviews and approves all financial reports including cash flow projections, bank and investment statements for any irregularities, completed monthly bank reconciliations and reports to external entities (IRS, Dept of Revenue, Lobby Registration Commission).
12. Initiates donor thank you letter acknowledgements
13. Reviews all payrolls and is responsible for all personnel files

Finance Manager – receipt and payment processing; required reporting

1. Assists Executive Director with the development of annual and program budgets
2. Monitors program budgets, including monitoring cash flow
3. Processes all inter-account bank transfers
4. Manages the petty cash fund
5. Monitors and makes recommendations for asset retirement and replacement
6. Overall responsibility for data entry into accounting system and integrity of accounting system data
7. Processes invoices, ensures appropriate approvals, processes payments and records in accounting software
8. Makes bank deposits and records revenues appropriately in both online membership software and accounting software
9. Maintains general ledger
10. Prepares monthly and year-end financial reports
11. Reconciles all bank and investment accounts
12. Ensures all required financial and tax reporting to local, state and federal authorities (i.e. property tax, entity filing, tax returns, etc.)

Other ILF Staff - programmatic processing; assisting with separation of duties
Because of the nature of ILF work and small staff, all ILF staff have responsibilities related to successful financial management of the organization.

1. ILF staff have responsibilities for processing memberships, registrations, sponsorships and donations according to policies and procedures.
2. Memberships, registrations, sponsorships and donations processing are conducted within the online membership software.
3. Any adjustments on memberships and conference registrations must be documented in the online membership software with notes.
4. In order to maintain separation of duties, a staff member who is not the Finance Manager opens the mail and prepares checks for deposit.
C. Chart of Accounts and General Ledger

Indiana Library Federation has designated a Chart of Accounts specific to its operational needs and the needs of its financial statements. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. fundraising vs. administration). The Executive Director is responsible for maintaining the Chart of Accounts and revising as necessary. The Chart of Accounts is attached as supplemental information.

The general ledger is automated and maintained using our accounting software. All input and balancing is the responsibility of the Finance Manager with final approval by the Executive Director. The Executive Director reviews the general ledger on a periodic basis for any unusual transactions.

D. Revenues

ILF receipts of revenues generally arise from:
1. Membership dues
2. Conference registrations
3. Sponsorships and conference exhibits
4. Grants
5. Contributions
6. Programmatic items (i.e. book award item cost recovery, processing for conferences sponsored by others, special projects)
7. Interest from investments and bank accounts

It is the goal to capture most revenues in the online membership software system, as memberships, conference registrations, donations, sponsorships and conference registrations and certain other programmatic items are processed in the online membership software. This provides a second level of accountability.

The principal steps in the receipts of revenues include:

- **Receiving, recording and depositing receipts:**
  - **Checks** – An ILF staff member who is not the Executive Director or Finance Manager receives and sorts incoming mail. This staff member opens, sorts, and distributes the mail. This staff member enters all checks into an electronic log and provides the paper checks, related invoices or order forms to the Finance Manager for electronic deposit. Checks are kept in a locked cabinet prior and after processing and deposit. The Finance Manager deposits the checks through remote deposit capture, prints a record and files the day’s deposits with the record in the locked filing cabinet.
  - **Cash** - All cash received will be counted, verified, and signed off by the Executive Director and another available staff member. Cash will be deposited and posted using the appropriate allocation. A receipt will be given to the paying party and a copy kept for internal purposes. The cash will be kept in a locked, secure location and deposited, ideally within 48 hours.

- **Electronic funds transfer (EFT) payments** –
ILF receives direct deposit of revenues via its online membership software and a credit card processing company. The Finance Manager regularly records the daily deposit information from the credit card processing company in the electronic log also used for incoming checks.

ILF receives direct deposits from certain members, vendors and certain investment income into its bank checking account. The Finance Manager reconciles this information at the end of each month using the bank statement.

- **Applying in membership and accounting softwares:**
  - **Checks and Cash** – The Finance Manager applies check and cash payments in the membership software and the accounting software, usually 2-5 times per week, depending upon incoming volume and amounts.
  - **Credit** – The Finance Manager retrieves information from the credit card processor and reconciles each entry with the corresponding invoice in the membership software, as well as in the accounting software, usually 1-3 times per week, depending upon volume.
  - **EFT** – The Finance Manager reviews the bank statement at the end of the month, identifying any electronic funds transfer deposits, reconciling and posting to the corresponding invoice in the membership software, as well as in the accounting software.
  - **Investment income** – The Finance Manager reviews the investment statements and creates a summary sheet, reconciling and posting realized and unrealized gains and losses in the accounting management software, usually monthly after receipt of prior month statements.

The Membership Dues and Conference Registration rates, as well as Cancellation practices, may be established by the Board of Directors, and/or delegated to the Executive Director, and shall be published on the ILF website.

**E. Investments**

The Indiana Library Federation manages investments for short-term and long-term program needs for unrestricted and restricted purposes, including:

- **Rainy Day Fund** (conservative, cash and short-term, high-quality, fixed-income instruments; usually 0% risk) – The purpose of this fund could cover general operations expenses in times of emergencies or unexpected revenue shortfalls. The investment earnings of this fund also may be used for special projects that would enhance the overall value of ILF. Ideally, this rainy day fund will support three months of obligated office expenses.

- **Operations Reserves Fund** (more aggressive, stocks and mutual funds; usually with 30/70 risk ratio) – The purpose of this fund could cover general operations expenses, but is intended for ILF’s contractual obligations in times of emergencies or significant, unexpected revenue shortfalls. The investment earnings of this fund may also be used for special projects that would enhance the overall value of ILF, with approval by the Board. As a goal, ILF seeks to maintain an operations growth fund within nonprofit best practices to support a range of six to eighteen months of operating expenses. Once operating reserves are secured, ILF may withdraw amount and invest some in programs opportunity fund for stronger growth. Therefore, withdrawals from the base amount should be replenished.
• **Programs Opportunity Fund** (moderate to aggressive, conservative stocks; usually with 70/30 risk ratio) – The purpose of this fund is to support strategic initiatives that have long-term, sustainable benefits for Indiana’s library community and for Indiana Library Federation. The ILF Board shall review and approve plans for use of funds and shall receive reports on outcomes.

• **Restricted** (moderate, mutual funds; invested to return 5% plus inflation) – The restricted purpose of this fund is to support scholarships and grants according to donors’ intentions. The Board may award scholarships and grants in amounts that do not exceed total annualized average earnings for the past two years.

**Principles for ILF investing and spending include:**

- ILF funds shall be invested in high quality securities, bank and corporate certificates and mutual funds.
- The Finance Committee shall determine a portfolio balance of both conservative and more aggressive instruments with an emphasis on long-term growth and income potential, while minimizing risk as appropriate in alignment with each fund. No more than 25% shall be allocated to any one investment.
- The realized gains from certain funds are automatically deposited in the checking account for ILF. The Finance Committee may authorize withdrawal of unrealized and capital gains, in alignment with purpose of a fund and within the Board approved budget.
- In alignment with the purpose of a fund, the Board of Directors may approve withdrawal from a fund.
- Revenues over expenses for a year shall be invested in either the Operations Reserve Fund or Programs Fund for long-term growth and ILF sustainability or both.

**F. Inter-Account Bank Transfers**

The Finance Manager and Executive Director monitor the balances in the bank accounts to determine when there is a shortage or excess in the checking account, to determine when a transfer should be made to meet operational needs and/or to maximize the potential for earning interest. The Finance Committee and/or Board shall approve unbudgeted withdrawals from investments.

**G. Disbursements & Expense Allocations**

**Cash disbursements or payments** are generally made in support of the goal of advancing libraries and might include:

1. Payments to vendors for goods and services
2. Taxes, license fees, insurance
3. Speaker honoraria and travel
4. Staff training and development
5. Memberships and subscriptions
6. Conference and Meeting expenses, including facility, food and beverage, etc.
7. Employee reimbursements
8. Marketing/promotional materials and related services
Electronic Funds Transfer checks are processed at least weekly through online banking. Invoices are prepared by the Finance Manager and submitted to the Executive Director for approval. Generally, invoices are approved and paid within the week or at least one week prior to the due date. Manual checks may be prepared in one day, but are limited to emergency situations.

Certain, board-approved, budgeted normal and customary expenses are on electronic autopay through credit card or electronic funds transfer payments with the bank. The Executive Director and Finance Manager monitor these payments to ensure EFTs align with prior approvals. 

**Requests for payments** are submitted in three ways:

1. Original invoice
2. Purchase request (submitted on approved form)
3. Employee expense report or reimbursement request

All invoices must have the program or account code noted and approved prior to reimbursement. Every employee reimbursement or purchase request must be documented on the approved **Expense Form** with travel, receipts, nature of business, program allocation, and funding source (if applicable) before approving for reimbursement as follows:

- **Mileage** – total mileage to and from ILF business-related event, but excluding travel between the employee’s home and the ILF office, and paid at the posted IRS rate effective at January 1 for the year
- **Lodging** - an itemized receipt from the hotel detailing all charges, the person(s) for whom the lodging was provided, and the specific business purpose.
- **Meals** - a receipt must be provided showing the cost of food, beverage, and gratuities, including the names of every person for whom food or beverage was provided, and the specific organizational purpose. ILF does not reimburse for alcohol.
- **Other Expenditures** - a receipt from the vendor detailing all goods or services purchased (including the class of service for transportation) and the specific business purpose.

Certain designated ILF volunteers may submit reimbursement requests for representing ILF at conferences (i.e. ALA, AASL and National Library Legislative Day), as budgeted and with prior authorization from the ILF Board using the same form and process. Certain ILF conference speakers may also submit reimbursement requests using this methodology if included in their Speaker Agreements. ILF will contract with certain speakers as independent contractors with invoices, while ILF may negotiate honorarium and expenses separately with other speakers.

The **Executive Director** reviews all requests for payment and:

1. Verifies expenditure and amount
2. Approves for payment if in accordance with budget
3. Provides or verifies appropriate allocation information
4. Provides date of payment taking into account cash flow projections
5. Submits to the Finance Manager for processing
The **Finance Manager**:  
1. Processes all payments through online banking  
2. Enters them into the accounting system.  
3. Ensures appropriate approvals.  
4. All checks in excess of $5,000 require a second approval from an authorized board member; contracts and payments in excess of $50,000 must be authorized by the Board of Directors and include a second signature.  
5. Stamps invoice “paid”  
6. Files all backup documentation in the appropriate file  
7. Ensures timely payment of all invoices

**Expense Allocations**  
ILF utilizes a cost allocation for all costs. Most non-salary expenses that benefit more than one cost center (administration, fundraising, and program) are spread across centers using a shared cost method. Certain office costs and expense reimbursements are coded by their cost allocation area automatically (i.e. expense reimbursements, copier). Staff maintain a time study on a monthly basis, by which unassigned office costs are allocated in preparation for yearend financial reporting.

Below are the **cost allocation areas with programmatic examples**, as adopted in 2016, with annually updated language to reflect types of ILF programming.

| 0010 | **Member services** – answering questions about or processing a membership; retrieving a member password; Focus newsletters; member communications; website; discussions re: member benefits; meetings with groups of members that are not professional development; Mentoring program; Strategic Visioning |
| 0020 | **Conferencing/Professional Development** – Planning, attending or following up on any conferences or member professional development, including webinars, roundtables, cohort-based training, etc. |
| 0030 | **Advocacy** – Legislative Committee activities; Statehouse Day; NLLD - Hill Day; action alerts; communications promoting ILF not specific to a conference or program above; communications specific to advocacy agenda; legislative or executive branch lobbying |
| 0040 | **Programs** – Young Hoosier Book Award (YHBA); Elliot Rosewater Book Award (Rosies); Read Aloud; Awards and Honors; Indiana Libraries Journal; Partnerships; bicentennial book; Book Expo; special projects and collaborations |
| 0050 | **Admin** – staff meetings; board meetings; Finance Committee; annual personnel review; HR issues; accounting services; legal services; reports to the board and executive director that are not specific to a conference or program; ordering supplies that are not specific to a conference or program |
| 0060 | **Fundraising / Resource Development** – seeking grants, contributions and sponsorships (not related to conferencing) and individual donors; selling trinkets and tees |
H. Credit and Debit Card Policy and Charges

All staff members who are authorized to carry an organization credit card will be held personally responsible in the event that any charge is deemed personal or unauthorized. Unauthorized use of the credit card includes: personal expenditures of any kind; expenditures which have not been properly authorized; meals, entertainment, gifts, or other expenditures which are prohibited by budgets, laws, and regulations, and the entities from which ILF receives funds.

The receipts for all credit and debit card charges will be given to the Finance Manager within two (2) weeks of the purchase along with proper documentation. The Finance Manager will verify all credit card charges with the monthly statements, noting the applicable allocation information for posting. A copy of all charges will be attached to the monthly credit card statement when submitted to the Executive Director for approval and signing.

The Finance Manager will not have a credit card or debit card. The Executive Director’s credit or debit card usage will be provided to and approved by a Board officer.

I. Cancellations with fee-based events

ILF maintains a cancellation policy for all fee-based events. All cancellations must be received and/or documented in writing by e-mail, mail or fax. Cancellations received by the ILF office will be processed on the following schedule:

- One month prior to the event – full refund, less $10 processing fee
- 11 business days prior to the event – refund 50%
- 1-10 business days prior to event – non-refundable

In lieu of a cancellation, ILF permits changes to registrations to substitute one attendee for another. There is a $10 processing fee per change request. If the original registrant was a member and the substitute is a non-member, the additional non-member rate will be applied.

In special, limited circumstances where ILF does not incur any costs for cancellation (i.e. food and beverage minimums, preparation of materials), the ILF staff may use their discretion in providing refunds within the 30-day window before an event.¹

Emergency exceptions – Full refund will be granted regardless of date of notification in cases of:

- Death of participant
- Jury duty (notice of duty must be sent to ILF immediately upon receipt to qualify)
- Participant called to active military service

In an emergency, ILF allows a substitute for attendance.

¹ This paragraph was adopted by the Board 12/14/2017.
J. Accruals

To ensure a timely close of the General Ledger, Indiana Library Federation may book accrual entries. Some accruals may be made as recurring entries. Accruals may include:

1. Monthly interest earned on money market accounts, certificates of deposits, etc.
2. Recurring expenses, including employee vacation accrual, prepaid corporate insurance, depreciation, etc.

K. Bank and Investment Account Reconciliations

Typically, the steps for bank and investment account reconciliations include:

1. The Executive Director reviews bank and investment statements for unusual balances and/or transactions.
2. The Finance Manager provides a timely reconciliation as follows: a comparison of dates and amounts of deposits as shown in the accounting system and on the statement, a comparison of inter-account transfers, an investigation of any rejected items, a comparison of cleared checks with the accounting record including amount, payee, and sequential check numbers.
3. The Finance Manager will verify that voided checks, if returned, are appropriately defaced and filed.
4. The Finance Manager will investigate any checks that are outstanding over six months.
5. The Finance Manager will attach the completed bank reconciliation to the applicable bank statement, along with all documentation.
6. The Finance Manager will complete a one page summary report from investment account statements.
7. The reconciliation reports will be reviewed, approved by the Executive Director and submitted to the Treasurers for review.

L. Petty Cash Fund

Petty cash funds are maintained by the organization. The funds are to be used for miscellaneous or unexpected purchases and the same approval procedures apply as mentioned in the cash disbursement section.

1. The petty cash fund will not exceed $10 and is kept in a secure cabinet.
2. The Executive Director oversees the petty cash fund.
3. All disbursements made from petty cash are acknowledged in writing by the receiving party.
4. All money returned to the petty cash fund is counted and verified by the Executive Director and another staff member. Receipts for items purchased with petty cash must be included with the return and should include appropriate account allocations as well as supervisor approval.
5. The Executive Director and the Finance Manager together will periodically count the cash in the petty cash fund.
6. No checks will be cashed by the petty cash fund.
M. Property and Equipment

Property and equipment includes items such as:
1. Office furniture and equipment
2. Computer hardware
3. Computer software
4. Leasehold improvements

It is the organization’s policy to capitalize all items which have a unit cost greater than five thousand dollars ($5,000). Items purchased with a value or cost less than five thousand dollars ($5,000) will be expensed in the period purchased.

The depreciation period for capitalized assets is as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Depreciation Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Hardware</td>
<td>36 months</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>60 months</td>
</tr>
<tr>
<td>Office Furniture</td>
<td>60 months</td>
</tr>
<tr>
<td>Computer Software</td>
<td>36 months</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>Length of lease</td>
</tr>
</tbody>
</table>

1. A Fixed Asset Log is maintained by the Finance Manager including date of purchase, asset description, purchase/donation information, cost/fair market value, donor/funding source, identification number, life of asset.
2. The Log will be reviewed by the Executive Director.
3. Annually, a physical inspection and inventory will be taken of all fixed assets and reconciled to the general ledger balances.
4. The Executive Director shall be informed in writing of any change in status or condition of any property or equipment.
5. Depreciation is recorded at least annually. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Any impaired assets discovered during the inventory will be written down to their actual value.

N. Personnel Records

1. All personnel files contain the following documents: an application and/or resume, date of employment, position and pay rate, authorization of payroll deductions, W-4 withholding authorization, termination data where applicable, a signed confidentiality agreement, a signed acknowledgement of receipt of Employee Handbook, an emergency contact form, and other forms as deemed appropriate by the Executive Director.
2. All employees will fill out an I-9 form and submit the allowable forms of identification to the Executive Director.
3. The completed I-9 forms will be kept in a secure location separate from the personnel files.
4. All personnel files are to be kept in a secure, locked file cabinet and accessed only by authorized personnel.
O. Payroll Processing

ILF utilizes a contracted, online payroll processing service to manage payroll processing and tax payments and reporting.

1. Payroll is submitted every two weeks, with the work week of Sunday through Saturday. If the last day within a pay period falls on a weekend or holiday, work times are to be submitted the day prior to the weekend or holiday. Exceptions to the submittal date may occur and will be communicated accordingly.

2. Employee time is to be recorded on a daily basis and prepared electronically in the payroll processing system. Employees record program time allocation on a monthly basis separately.

3. Any changes to the standing information of the payroll register from the prior period including addition of new employees, deletion of employees, or changes in base pay rate must be accompanied by an Employment Information Form and signed by the Executive Director before the change can be made.

4. The Executive Director will process payroll in a timely manner and record vacation time, holiday hours, sick time, and any other information deemed necessary to properly reflect time worked.

5. If the employee requests that his/her check be turned over to a third party, the request must be made in writing prior to distribution.

6. Employees may choose direct deposit to a designated bank account. Their paycheck is deposited directly into the designated account on the payroll date, the Wednesday following the last day of the pay period. The employee will be able to review their verification stub online.

7. The Executive Director will review payroll expenditures and allocations monthly.

8. All quarterly federal and state payroll reports will be prepared and filed appropriately.

9. All W-2 statements are issued to employees prior to January 31st of the following year for the prior calendar year.

P. End of Month and Fiscal Year-End Close

1. The Finance Manager and Executive Director will regularly compare revenues in online membership software with revenues in accounting software and will initiate any follow-up or issue resolution as needed.

2. The Executive Director will review all month- and year-end journal entries. They will be printed and filed for audit trail purposes.

3. At the end of each month and fiscal year end, the Executive Director will review all balance sheet accounts including verification of the following balances: cash accounts match the bank reconciliations, fixed assets accounts reflect all purchases, write-downs and retirements, accounts receivable and payable accounts match outstanding amounts due and owed.

4. The income and expense accounts review will include reconciliation to amounts received and expended and verification that payroll expenses match the payroll reports including federal and state payroll tax filings.

5. Once the final monthly and fiscal year-end financial statements are completed, reviewed, and approved by the Executive Director and Executive Director, no more entries or adjustments will be made into that month or year’s ledgers.

6. At the end of the fiscal year, an external CPA will prepare the annual Return for Organization Exempt from Income Tax (IRS Form 990). The return will be presented to the Executive
Director, Board Finance Committee, and the Board of Directors for their review and approval. The Executive Director will then file the return with the Internal Revenue Service by the annual deadline.

7. All other appropriate government filings including those required by the Indiana Department of Revenue, Secretary of State, Attorney General, etc. will be completed and filed with the appropriate agency.

Q. Financial Reports

The Finance Manager will prepare the monthly and annual financial reports for distribution to the Executive Director, and/or Board. The reports will include: Executive Summary of Activities with actual to budget, Statement of Net Assets, and may include accounts receivable aging, accounts payable register and aging, cash flow projection, and any other requested reports.

Periodic and annual financial reports will be submitted to the Finance Committee and Board of Directors for review and approval.

R. Fiscal Policy Statements

1. All cash accounts (except petty cash) owned by Indiana Library Federation will be held in financial institutions which are insured by the FDIC. No bank account will carry a balance over the FDIC insured amount.

2. The Board of Directors provides governance and oversight for the organization, and authorizes the Executive Director to manage the finances and operations.

3. All capital expenditures which exceed five thousand dollars ($5,000) will be capitalized.

4. Reimbursements will be paid upon complete expense reporting and approval using the official Indiana Library Federation Expense Reimbursement form. Reimbursements to the Executive Director will be approved by the Board Chair.

5. Any donated item with a value exceeding ($50) will be recorded and a letter acknowledging the donation will be sent to the donor.

6. ILF maintains a cancellation policy for fee-based activities, whereby full refunds are issued for cancellations one month prior to the event and 50% refunds for cancellations 11-30 business days prior to the event. Cancellations within 10 days are non-refundable. Emergency exceptions are provided for death, jury duty and active military service. ILF allows substitutions.

7. The Executive Director and one designated Board and staff member are the signatories on Indiana Library Federation bank accounts. The Executive Director may authorize non-budgeted items up to $1,000. Disbursements exceeding $5,000 require a second signature by an authorized board member for approval. Contracts over $50,000 require approval by the Board of Directors.

8. Bank and investment statements will be reconciled monthly, and reports required by external entities will be filed on time, with accuracy and transparency.

9. Accounting and personnel records will be kept in locked file cabinets in the Finance Manager or Executive Director office, and only parties with financial and/or human resources responsibility will have access to the keys.
S. Supplemental Informational Attachments (procedural and subject to change).\(^2\)

S.1 Lists

ILF Chart of Accounts
ILF List of typical vendors
Active contracts and service agreements

S.2 Softwares and Services related to Financial Management

S.3 Operational Guidance for Staff

Schedule of required reports and retention requirements
Paper files, electronic storage and backup

S.4 General Overview of Processing

Typical steps and tips for working in Your Membership, online membership software
Processing Group Memberships
Internal processing tips for Blue Pay credit card payments
Typical steps and tips for working in Sage Accounting software
Adjustments, Credits and Refunds

S.5 Reporting

Sample Executive Summary, Statement of Activities
Sample Statement of Net Assets
Sample Cash Summary and Reconciliation
Sample Investment Summary

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\(^2\) NOTE: These are not policies requiring board approval. Rather, the detail in the attachments is developed to serve as operational guidance for staff and volunteers with roles in financial management of the organization. The list of supplemental attachments is included in the public document on the website, and the full set of attachments are provided to the staff, Treasurers, Finance Committee, Board and external accounting firm.