BOYS & GIRLS CLUB
OF ABERDEEN AREA

Financial Policies

As of Dec 23

Standards of Accounting & Financial Reporting

The organization conducts its business and maintains financial records in compliance with the accounting and auditing procedures required by Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations.

1. All monies received at the front desk are recorded in a receipt book with documentation of name, amount, cash or check, source, date received and initials of person accepting the payment.

2. All monies received at the front desk are reconciled each day with the receipt book and are placed in the Program Director's office at the end of each day.

3. All checks and cash are receipted on the business day received. Deposits are made at least twice per week. The organization maintains accurate records and acknowledges receipts of all contributions within 72 hours. We will not put a value on gift receipts for in-kind donated items.

4. Authorization to purchase supplies is given by the Executive Director or Program Director. For all supplies purchased by an employee's personal funds, an expense statement must be filled out by the employee and given to the Executive Director for approval to reimbursement. Expense reimbursements are processed biweekly.

5. All bills, expense reimbursements, and payroll should be paid by check or EFT and require two (2) signatures. These two signatures can be of any two members of the Executive Committee or the Executive Director and one member of the Executive Committee.

    1. A verification card should be filled out at the financial institution anytime there is a request for a change to any of the signatures or any addition or deletion of authorized signers.

    2. Payroll is deposited bi-weekly on Fridays via direct deposit. Payroll will be processed on the Monday following the 2-week cycle in which hours are accrued. All employee timesheets are initialed by the supervising director to whom they report. Checks are issued the following Friday via direct deposit.

    3. Deposits are made at least twice per week and should show the source of income. If a check of $1,000 or more is received, it should be deposited the same day as it is received.

    4. Duplicate deposit slips are kept at the Club for bookkeeping purposes.

        1) All blank checks, old pay stubs, and employee files should be stored in a locked safe. The only persons that should have a key to the safe are the Administrative Assistant, Program Director, and Executive Director.

        2) All credit card/EFT donations are processed immediately.

        3) Federal tax deposits are made for each payroll online through EFTPS.

        4) The organization annually files its 990 form and its required federal, state, and local reports.

        5) 990 form is completed by a CPA and must be filed by January 15, or an extension must be filed.
        6) Federal Tax Deposit is due within 2 days after each payroll period.
        7) A report to the Unemployment Insurance Division of
            1. South Dakota is filed quarterly.

    5. An audit is performed annually by a CPA approved by the Board of Directors.

    6. Monthly reports are made to the Board of Directors approving financial matters.

    7. Second-party checks are not to be accepted unless approved by the Executive Director.

    8. Journal entries for depreciation expenses are entered into the accounting software on the last day of every month for the current month's depreciation.

9. All financial records (computerized) are backed up weekly and include the QuickBooks accounting software and the Supporter Donation System.

10. All income and expenses of the organization are reflected in its records and on appropriate reports.

11. The board has appointed a standing committee for financial matters and specifies its scope of responsibilities and duties. This committee meets as needed.

Annual Operating Budget

12. The annual operating budget is based on the goals and objectives of the organization and is not summarily determined by perceived available resources.

13. The annual operating budget and projected income needs are developed by the management staff, officers, and standing committee chairpersons for presentation to the Board of Directors for final approval. A preliminary budget is put together for special circumstances (United Way, Grant Applications, etc.) and the final budget is approved by our August board meeting.

14. The organization operates within a board-approved budget and makes written financial reports at all board meetings. The reports are given to the board and provide full disclosure to include the following:

    1) All required federal, state, insurance, SIMPLE IRA and tax payments and deposits.

    2) Actual income and expenses compared to approved budget.

    3) Debts outstanding.

    4) Cash flow position.

    5) Status of interim fund balances, transfer, and obligations.

15. All bank accounts are reconciled monthly and given to the Executive Director to review and approve.

16. The organization provides for a review of its income and expenses and determines adjustments as needed. The reviews can be conducted at any monthly board meeting.

Investment Strategy

17. The organization has a written investment strategy

18. Operation Strategy:
    1) Maintain $30,000 to $40,000 in our checking account for immediate expenses.
    2) Maintain funds of more than $40,000 in a Money Market account controlled by the Executive Director.
    3) Our goal is to maintain an operational reserve of approximately $120,000 but no more than two months of operational reserve (appr. $240,000 in FY2023) in our money market account.

19. Board Controlled Endowment:
    1) The Board controlled Endowment is an unrestricted account. All proceeds in this account can be used as determined by the Board of Directors.

    2) All funds received for the Board Controlled Endowment will be held in a short-term money market account or equities, as determined by the Board of Directors.

20. Capital Campaign:
    1) Maintain $5,000 to $20,000 in our checking account for immediate expenses associated with the Capital Campaign.
    2) Maintain funds of more than $20,000 in a Money Market account.

Building & Equipment

21. All purchase of service agreements, grants, reporting requirements, and contracts over $1000.00 will be reviewed by the board president, and presentation to the board of directors will be determined by the board president.

22. The organization inventories and maintains records of all equipment and property valued at $500 or more on an ongoing basis, conduct an annual review, and develops a revised inventory. The review is done at the completion of the summer schedule in August. A depreciation schedule is established to include cost at acquisition, current depreciated value, and replacement cost.

Resource Development

23. The organization complies with all federal and state requirements governing its financial affairs, including the solicitation of charitable contributions.

24. All pledges are entered into the accounting software using the date of expected payment.

25. Pledges may be closed out when the Executive Director informs the Administrative Assistant of any time when a donor is not able to fulfill their pledge. In this event, the pledge is deleted from the donor system as well as the accounting system. Notes are made in the donor system regarding the deletion of the pledge.

26. All fundraising activities are evaluated on cost-effectiveness and human resource effort in relation to net yield. All fundraising is evaluated on an annual basis and is evaluated not only the cost-effectiveness but also marketing effectiveness.

27. Board members are asked to give and/or get financial support for the organization. This is done through support and involvement with our Annual Giving Program and our general financial development events.

28. The organization has a plan to diversify its sources of income, avoiding over-dependency on any single source of funding.

<u>Human Resource</u>

29. In December of every year staff will receive “Anniversary date” performance counseling and a summary of all their benefits and salary.

30. General eligibility requirements for the Savings Incentive Match Plan for Employees (SIMPLE) IRA at the BGCAA:
    1) Employees must be notified of their eligibility to make a deferral election at least 60 days before they become eligible (Deferrals beginning on January 1, employees will need to be notified NLT on November 1) by using IRS Form 5304-SIMPLE.
    2) Employees must have one year of service during which they have earned $5,000, and they must expect to earn $5,000 during the upcoming year.
    3) A dollar-for-dollar matching contribution, up to 3% but, no less than 1% (determined by the BGCAA Board of Directors and the Executive Director) of each employee’s compensation to a maximum of $11,500 ($14,000 for participants who are age 50 or older).
    4) Employees may defer up to 100% of their income, with a maximum contribution of $23,000 a year (for 2024) (Participants who are age 50 or older may make catch-up contributions of up to $2,500 annually.