

COBCA FINANCIAL POLICIES & PROCEDURES

The following contain the financial policies and procedures of **Central Ohio Bengali Cultural Association** (hereafter referred to as COBCA). Once adopted by the Board of Trustees, these policies and procedures become binding standards on all future financial operations until such time when they are amended or ratified by the Board of Trustees.

Definitions:

Board of Trustees (hereafter referred to as BOT): Members elected by the general body members and in accordance with the bye-laws, to serve in the capacity as Board members.

President: Duly elected or appointed by the general body members and in accordance with the bye-laws, as President of the Executive Committee, (hereafter referred to as EC) or any person acting as President on behalf of the duly elected President.

Treasurer: Duly elected or appointed by the general body members as Treasurer of the EC, or any person acting as Treasurer, with the President's approval, in the absence of elected Treasurer.

Policy # 1.1 FISCAL YEAR:

Fiscal year shall be the calendar year – January 1st through December 31st. Official Financial Statements shall be prepared for the 12 month period ending on December 31st. Such calendar year financial statements shall be made available to all the members, and also be used to prepare the "**Information Return for Exempt Organization**" that is needed to be filed with the Internal Revenue Service (IRS Form 990).

Policy # 1.2 METHOD OF ACCOUNTING:

Organization shall follow the accrual Method of accounting with generally accepted accounting principles. That means all expenses incurred in the current year but not paid until the subsequent year, and all revenue earned in the current year but not collected until the subsequent year, shall be accounted for in the current year.

Policy # 1.3 FINANCIAL STATEMENTS:

Financial statements shall consist of the following statements:

1) **Balance sheet.**

This statement shall reflect all assets, liabilities, and the net fund balance as of the end of the accounting year (December 31st)

2) Revenue & Expense (Profit & Loss Statement)

This statement shall reflect all revenue earned and expenses incurred for the entire accounting year, to be broken down by the following events

- a) *General category*
- b) *Saraswati Puja*
- c) *Miscellaneous cultural programs*
- d) *Picnic & Sports Day.*
- e) *Durga & Laxmi Puja*
- f) *Fundraising event*
- g) *Community charitable activities*
- h) *Other miscellaneous , if any organized by the EC*

This statement shall be prepared on a comparative basis to include current and previous fiscal year.

3) Cash Flow Statement.

This statement is optional. If prepared, the statement shall reflect cash inflow and outflow for the current fiscal year to be categorized in the following manner:

- a) Cash Flow from “operating” activities
- b) Cash flow from “investing” activities, &
- c) Cash flow from “financing” activities

This statement can be prepared on a comparative basis, at the request of Board members.

Policy # 1.4 CAPITALIZATION & DEPRECIATION POLICY:

Accountant shall maintain a fixed asset schedule of all assets which are capitalized. The fixed assets schedule shall also reflect the location of the asset as of the end of the fiscal year. Any asset costing \$250 or more per independent unit and having a useful life of more than 1 year shall be capitalized. Asset costing less than \$250 shall be expensed under the appropriate category in the Profit & Loss statements in the year of purchase.

The value of each capitalized asset shall be ratably written off each year by way of depreciation over its useful life using the “Straight Line” depreciation method. The depreciation shall begin in the year in which the asset has been first put to use.

Policy # 2.1 BANKING & SIGNATURE AUTHORITY:

Organization shall maintain three different bank accounts:

- 1> ***Operating account.*** This account shall be used to deposit and disburse all funds relating to normal activities of the organization. The following office bearers shall have signature authority on this account:
 - Chairman of Board of Trustees
 - Current President of the EC
 - Current Treasurer of the EC
- 2> ***Contingency account.*** This account shall have a maximum deposit balance of \$10,000. In the event that the operating account balance falls short of fund to

maintain its normal activities, this account shall be used to advance fund to the operating account on a short term basis (less than a year). The decision to advance fund to the operating account shall be made by the Board members. Only the Chairman of the BOT & one another member of BOT shall retain the signature authority on this account

- 3> **Long Term account.** This account shall be maintained to accumulate funds to be used for any long term capital project. Disbursement from this fund shall require majority approval of the general members. Only the Chairman of BOT & one another member of BOT shall retain the signature authority on this account.

At the end of each EC's term, any fund balance in the Operating account in excess of \$5,000 shall be transferred to the Long Term account. However, any amount borrowed from the Contingency Account shall be repaid first, before transferring fund from the Operating a/c to the Long Term a/c. The Accountant, in conjunction with the Chairman of the BOT shall facilitate such transfer at the expiry of each EC's term.

The Accountant's home address shall be the official mailing address for bank to mail the monthly bank statements for all the three accounts.

Policy # 2.2 CHECK & CASH DISBURSEMENTS:

All day- to- day disbursements to pay invoices shall be made by the Treasurer out of the Operating account. In the absence of the Treasurer or acting Treasurer, such disbursements shall be made by the President. The following procedures shall be maintained when paying invoices:

1. All COBCA activities in connection of which disbursements are to be made must be preapproved by the President or the BOT or both.
2. Request for Payment (RFP) form shall be completed for each disbursement, stating clearly the purpose of the disbursement, the check #, the date of the check and the event connected with such disbursement. The white copy of the check shall be stapled at the top of the RFP form, and the supporting document for the disbursement (e.g., invoices, receipts etc.) should be stapled at the back of the RFP form. All invoices along with RFP must be submitted to the Treasurer for reimbursement before the end of the fiscal year.
3. All checks must be written in chronological order of check #. Voided checks must be handed over to the Accountant at the end of each month.
4. All payments shall be supported by receipts, invoices or contracts. However, Treasure at his/her discretion can reimburse amount up to \$30 or less without any supporting documents, provided he/she is aware beyond reasonable doubt that the payee has incurred such expenses, and amount appears reasonable and preauthorized by the President or any other EC member. Expense claims over \$30 must be accompanied by supporting documents from the payee.
5. Disbursements up to \$250 can be made by the Treasurer without obtaining approval

from anyone, as long as such disbursements appear legitimate. Request for disbursement over \$250 and up to \$1,000 shall require approval of the President before any check is written. Any request for payment over \$1,000 shall require approval of at least two members of the Board. Such approval can be provided by respective authorities by signing their names on the RFP form.

6. At all times, efforts shall be made to avoid cash disbursements. However, cash payments can be made for petty items – such as tips, remuneration for cleaning crew, food delivery or any such items as deemed necessary by the Treasurer or President to justify cash payments. Such payments shall not exceed more than \$200 per payee. A cash disbursement log shall be maintained by the Treasurer for such cash payments, and the payee's signature shall be obtained where possible. Such petty cash payments do not require any supporting documents. Cash payments over \$500 per payee shall be:
 - a: Investigated for possible reason for cash disbursements and noted on the RFP form.
 - b: Approved by the President and a majority Board members, and
 - c. Supported by written contacts.

The Treasurer shall hand over all the RFP forms, contracts and cash logs to the Accountant after the end of each month. Accountant shall maintain the custody of all disbursement supporting documents and retain them for the duration of the "Record Retention Period" (discussed later).

Policy # 2.3 CHECK & CASH DEPOSITS

All receipts (cash & checks) shall be deposited in the bank within 7 days of receipt of funds. Such deposits must be made by the Treasurer.

The Treasurer shall keep a log (e.g., spreadsheet etc) of every deposits slips in chronological order of date of deposit and shall provide a brief description to indicate the source of funds, and the event for which such funds have been received, e.g., "Donation" (source of fund) – "Durga Puja" (event) .

Credit card deposits shall be logged at the gross amount, and the fees charged by the credit card company, if known, shall be indicated on the log separately.

The deposit log shall be reconciled to the bank statements.

After matching the deposit log with the bank statements to ensure all deposits have been recorded accurately, the Treasurer shall forward the deposit log to the accountant at the end of each month.

Separately, the Treasurer shall also maintain a list of all individuals and organizations who have donated more than \$250 to COBCA. The list shall include full addresses of the individuals or organizations and the amount of donation.

Policy # 3.1 CUSTODIAN OF RECORDS & RECORD RETENTION PERIOD

The Accountant shall bear the responsibility of retaining all financial records, which provide direct or indirect supporting evidence to the general ledger and financial statements. These records include, but not exhaustive of, all RFP forms, Contracts, cash expense logs, Bank statements, Deposit logs as prepared by the Treasurer, general ledger, check disbursement records, journal entries, bank reconciliation statements etc.

Such financial records for any given fiscal year shall be kept for a period of three years starting from the date the "IRS Form 990" has been filed with the Internal Revenue Service for that fiscal year. For example, for the fiscal year 2012, if IRS Form 990 has been filed on April 30th, 2013, then the records for 2012 shall be retained up to April 30th 2016 - three years from April 30, 2013.

At the expiry of the retention period, all supporting financial documents pertaining to the corresponding fiscal year will be destroyed. However, the Annual Financial Statements will be retained by the Accountant, or stored on COBCA's web site for a period of 10 years.

Accountant shall also retain a copy of the IRS Form 990 (Information return for Exempt Organizations) as filed with the IRS, for a period of 10 years. The Board may decide to retain a copy of the IRS Form 990 on COBCA's web site for an indefinite period of time, or for such period as it may deem necessary, but not less than 10 years.

The Treasurer shall be the custodian of all unused checks and deposits slips. At the end of each term, the Treasurer shall hand over the all unused checks and deposits slips to the President of the next EC. Under no circumstances, shall the previous EC members retain any unused checks.

Policy # 4.1 YEAR END TRANSITION OF EC

At the end of each EC's term, and before the new EC assumes the responsibility, the following activities shall be performed for smooth transition

- The President and the Treasurer of the outgoing EC shall withdraw their names as signatories to the bank accounts
- The names of the President and the Treasurer of the new EC shall be incorporated as signatories to the Operating Account.
- To the extent the fund permits, any loan outstanding to the Contingency account shall be repaid from the Operating Account.
- After replenishing the Contingent Account balance back to \$10,000, any amount in excess of \$5,000 in the Operating account shall be transferred to the Long Term Account.
- The Treasurer of the outgoing EC shall hand over the unused checks and deposit slips to the new Treasurer. The chairman of the BOT at that point of time shall order new checks, if necessary. Subsequent ordering of checks and deposit slips shall be made the new Treasurer.
