

DEFIANCE AREA CHAMBER OF COMMERCE

FINANCIAL POLICY AND PROCEDURES

Adopted: 5/10/12

FISCAL POLICY

The Defiance Area Chamber of Commerce (DACC) follows generally acceptable accounting practices. The following policy has been created to address the operational guideline and procedures to govern the receipt, disbursement and accounting of funds. Included are policies and procedures on financial responsibility, internal controls, banking, investments and capital assets, investments in the building fund, income, receipts and disbursement, advances, membership, accounting systems and financial reporting.

The DACC fiscal procedures shall consist of the following:

- I. Fiscal Year—January 1 through December 31
- II. Accounting Systems
- III. Bank Accounts
- IV. Fund Transfers
- V. Gift Certificates
- VI. Investments
- VII. Reserves
- VIII. Reconciliation of Accounts
- IX. Cash Receipts
- X. Procedures for Accounting and Handling Cash Receipts
- XI. Expenditures
- XII. Payroll
- XIII. Reimbursement for Business Expenses
- XIV. Petty Cash Funds
- XV. Travel Advances
- XVI. Annual Review
- XVII. General Controls
- XVIII. Accounts receivable
- XIX. Fixed Assets
- XX. Financial Reporting
- XXI. Annual Budget

DEFIANCE AREA CHAMBER OF COMMERCE

FISCAL PROCEDURES

GOVERNING ENTITIES

DACC has created the following to govern the receipt, disbursement and accounting of its funds.

I. Purpose and Responsibility of Finance Committee of the Board of Directors

To accept fiduciary responsibility of maintaining a stable financial environment for the DACC and its affiliates. To provide sound financial guideline and oversight, thereby enabling the DACC to maintain business operations within the budgeted business plan.

II. Purpose and Responsibility of the Treasurer of DACC

Refer to By-laws for the DACC.

III. Purpose and Responsibilities of the President

Under policy direction, the President plans, organizes, coordinates, and directs the DACC.

The key responsibilities include:

- A. Overseeing financial matters of the DACC within the established policies of the Board of Directors.
- B. Preparation of all financial reports for the Board of Directors, Executive Committee, Financial Committee and other committees of the DACC.
- C. Overseeing the design and implementation of the accounting system of DACC.
- D. Shall serve as a resource to the Executive and Finance Committees in the generation of revenues and disbursement of funds necessary to administer the office.
- E. Preparation of DACC's annual budget.
- F. Supervise office services for DACC, maintenance of centralized financial files and records.
- G. Inform board of DACC's financial status through a formalized reports system.
- H. Prepares or oversees the following
 - 1. Bank Deposits
 - 2. Bank Reconciliations (Outsourced)
 - 3. Payroll (Outsourced)
 - 4. Quarterly and Yearly Tax Returns (Outsourced)
 - 5. Payroll Tax Deposits (Outsourced)
 - 6. Records and reports for outside Accountant
 - 7. Inventory
 - 8. Depreciation of Equipment and Building
 - 9. Adjusting Entries
- I. Assist the accountant in reviewing the financial status of DACC, ensures the timely issuance of resulting financial reports and addresses the accountant's comments.
- J. Assist in the development, implementation and monitoring of payment policies in order to assure the public of the financial stability of DACC.

FISCAL POLICIES

I. Fiscal Year

The fiscal year of DACC is January 1 through December 31. The Executive Committee shall serve as the Budget Committee. The budget shall be submitted at the October meeting and shall be enacted before the end of the calendar year. The budget is prepared to be compatible with AICPA's policies, procedures, guideline and reports.

II. Accounting Systems

A. The accounting system shall be designed to reflect generally accepted accounting principles necessary to accurately account for funds in accordance with the AICPA's policies, procedures and guidelines.

B. The accounting system shall establish and maintain appropriate ledgers including the following:

1. General Ledger
2. Cash Receipts, Disbursement, and General Journals
3. Accounts Receivable and Payable Ledgers

C. Accounting is done on the cash basis

III. Bank Accounts

A. Standard bank accounts are checking, savings, and money market.

B. Additional accounts are gift certificates and new car dealers.

C. Two signatures are required on checks and withdrawals from all accounts except gift certificates and new car dealer accounts. The gift certificate and new car dealer accounts require only one signature by the President. The signatures are:

Chair of the Board of Directors
Vice Chair of the Board of Directors
Secretary of the Board of Directors
Treasurer of the Board of Directors
President

D. The number and types of accounts established is determined by the President with the approval of the Finance Committee and notification to the Board of Directors. Accounts are opened at member banks with the highest interest rates available.

IV. Funds Transfer

Daily receipts are deposited into a checking account. Excess money can be transferred into a savings account and/or money market. The President has the authority to transfer this money as needed with notification and approval from Treasurer.

V. Gift Certificates

A. DACC gift certificates are checks payable at any DACC member.

B. Gift certificates come in any denomination up to \$100.

C. They are valid for one year from the date on the check.

D. They are drawn on a separate checking account maintained at the State Bank & Trust Company.

E. The Marketing/Events Coordinator processes the checks with backup from the President.

- F. Checks must be paid for at time of pick up.
- G. Income is recognized when the check is not redeemed 12 months after issue date.

VI. Investment Accounts

- A. All excess funds are to be deposited into federally insured accounts.
- B. All accounts shall be interest bearing.
- C. All accounts are to be basically risk free—i.e. savings, money markets, and certificate of deposits.
- D. No institution shall have more than the FDIC amount unless the Finance Committee has prior knowledge.
- E. All institutions shall be Chamber members.

VII. Reserves

Reserves ensure that the DACC will continue operations during hard financial times. The total amount that is allocated as reserves should be no less than six (6) months with a recommended target of twelve (12) months of membership dues. This total amount should also be held in one account, unless the total amount surpasses the FDIC insured limit, at which time it will be separated into as many accounts need to meet the previous threshold. All other funds should either be committed to special projects or assigned to general fund.

- A. Withdrawing money from this account requires two-thirds (2/3) vote of the Board of Directors

VIII. Reconciliation of Accounts

Reconciliation of all accounts, including regular bank accounts and investment accounts will be performed monthly by an outside CPA firm.

IX. Cash Receipts

- A. All funds will be turned over to the President daily. If funds are received over a weekend or at a special event, the funds will be placed in a bank bag, locked in a chamber filing cabinet, and turned over to the President no later than the next business day.
- B. The Marketing/Events Coordinator will record funds received by mail.
- C. Checks should be stamped with the appropriate “For Deposit Only” stamp upon receipt. This is particularly important for checks received too late for the scheduled bank deposit.
- D. All deposits are to be made intact by the President. If the President is not able to make the deposit, the Marketing/ Events Coordinator or one Executive Committee member may make the deposit.
- E. All funds received will be deposited within the week received.

X. Procedures for Accounting and Handling Check and Cash Receipts

- A. The Marketing/Events Coordinator will sort the mail. Mail addressed specifically to individuals will be given to appropriate personnel. In the event that the Marketing/Events Coordinator is unavailable, the mail will be sorted by the President. Any mail not addressed to a specific person or organization will be given to the President.
- B. For cash received at events

1. The staff person, Executive Committee member, or a member of the Board of Directors responsible for the program will be responsible for transporting money to the event and returning it to DACC.
 2. Excluding sales activities, at no time shall any other person handle cash at an event. Volunteers who are not DACC employees are not covered by insurance.
 3. The only money to be counted during any event is raffle money (i.e. 50/50 ticket sales). All other cash/checks shall be left inside the cash box and not counted until it is returned to DACC.
 4. At the end of the event, after being counted by two members of the Board of Directors and/or staff, money shall be put into a bank bag and delivered to the DACC for safe storage.
 5. If the event requires multiple bank bags of cash, the cash for the various events may be assigned to specific DACC employees or Board of Directors, and it is their responsibility to return the bank bag at the end of the event.
 6. The cash box should be closed when not in use and should never be left unattended.
 7. Upon return to the DACC office, the cash in the bank bag should be counted by the staff or Board of Directors responsible and the President. The cash should be identified as to the event. Cash should be counted in the President's office and not in the front open office area.
- C. Checks and cash receipts will be logged into the QuickBooks software. The entry will contain the following:
1. The date received
 2. The payee of the funds
 3. Check number if paid by check
 4. A description of funds received
 5. Amount of funds received
 6. The total of checks and cash received which will match the deposit slip
- D. The Marketing/Events Coordinator, President, or a member of the Executive Committee will make deposits to DACC accounts. The individual will return a stamped copy of the deposit receipt clearly showing the amount and date of the deposit.

XI. Expenditures

- A. Invoices will generally be paid every 10 days.
- B. Checks will be issued only with proper evidence that goods or services have been received or provided. The President has the board authorization to approve bills prior to disbursement of checks.
- C. The Board of Directors shall review and approve all contracts, leases, and major equipment purchase agreements costing over \$1,000.
- D. All checks drawn upon the general accounts shall be signed as follows:
 1. Two signatures shall be required by any two of the following
 - a. Chair of the Board of Directors
 - b. Vice Chair of Board of Directors
 - c. Secretary of the Board of Directors
 - d. Treasurer of the Board of Directors

e. President

2. Withdrawals from savings shall require two of the above authorized signatures with approval and authorization from the Executive Committee.

XII. Payroll

- A. Payroll is bi-weekly.
- B. Salaried employees' annual salary will be divided into 26 equal installments. Salaried employees' payroll period ends on the Friday pay date.
- C. If the payday falls on a holiday, payments shall be made on the last working day prior to the scheduled pay date.
- D. Payroll is e-mailed to the outsourced CPA firm on the Tuesday prior to the Friday payday. All adjustments must be given to the President prior to this date.
- E. All employees must be on direct deposit.
- F. All other policies regarding personnel are contained in the Employee Handbook of DACC.

XIII. Reimbursement for Business Expenses

- A. All staff shall be reimbursed for expenses incurred in the normal performance of duties when so assigned by the Directors or President and an expense report is completed.
- B. Expenses reports are to be signed by immediate supervisor. The President's report must be signed by the Board Chairman.
- C. A credit card will be issued to the President. Receipts are turned in on with the explanation of charges for reconciliation to the monthly statement. At termination of employment, the card will be returned to DACC Board Chairman immediately.
- D. Restrictions to this policy shall include:
 - 1. Staff travel requires approval of the President.
 - 2. President travel requires approval of the Executive Committee.
 - 3. Receipts must be turned in for all expenses incurred.

XIV. Petty Cash Fund

A petty cash fund will be maintained to provide available cash to facilitate daily functioning of DACC. It will also be used to provide change funds for various events and program.

- A. The Office fund will consist of no more than \$100.
- B. The Event fund will consist of no more than \$500 total for each of the individually mention events. (Reverse Raffle, Awards Banquet/Annual Meeting, and Golf Outing)
- C. All other events will consist of no more than \$100.
- D. The President is responsible for disbursements and replenishing the fund.
- E. Fund should be deposited only during events and closed within the week after event has been completed.

XV. Travel Advances

- A. DACC shall provide a cash advance to any staff whose activities are on behalf of DACC and do not have a DACC credit card.
- B. All requests for cash advances shall clearly identify to whom the advance is being paid, for how long, and for what purpose. It shall also include the manner and date of repayment.
- C. Cash advances shall require approval of the President. The President's advances must be approved by the Chair of the Directors.
- D. No cash advances will be made for under \$50.

XVI. Review

- A. The President shall employ a CPA firm to complete an annual review of all accounts for the fiscal year.
- B. The Finance Committee shall review the annual review with the President and record minutes of the meeting.
- C. The Chair of the Finance Committee or the President shall review the annual review with the Board of Directors.

XVII. General Controls

- A. Blank checks will be kept in a locked file.
- B. Voided checks will be marked "void", signature line torn off, and filed with bank reconciliation.
- C. Blank checks will not be signed in advance.
- D. Each month, the President will provide a complete backup of the QuickBooks file on a disc for the CPA to keep offsite and stored with their records.
- E. Bank statements will be kept in a file for the current fiscal year until the review is completed.
- F. The General Ledger, Adjusted Trial Balance, Adjusting Journal Entries, Depreciation Schedule, and Annual Tax Return will be retained permanently.
- G. All records will be kept according to generally accepted accounting principles.
- H. An outside CPA firm will reconcile all bank accounts.

XVIII. Accounts Receivable

- A. All accounts should be maintained on the current data base by the Marketing/Events Coordinator.
- B. Membership renewals should be sent out around the end of the month prior to due date for those members whose dues are payable the following month.
- C. The President may also send out invoices as needed.
- D. Statements shall be sent after the first of the month for those accounts with balances 30 days past due and older.
- E. Dues not paid after 90 days shall be terminated unless the President has been notified that payment is on the way. Then another month extension may be granted.

- F. At least 10 days prior to being terminated, a cancellation letter is sent. There are two letters. One is for those who have submitted a request to cancel their membership. The other is for those who have not responded in any form.
- G. If a member rejoins within six months of their original billing (renewal) date, they will retain the same renewal date.

XIX. Fixed Assets

- A. Fixed assets consist of those purchases with a life of over one year and a cost of over \$500. At such times the cost of the asset will be amortized over the estimate useful life of the asset using MACRS depreciation.

XX. Monthly Reporting

- A. At the beginning of each month the President shall prepare the financial statements for the prior month. These shall be compiled according to generally accepted accounting principles.
- B. The statements shall consist of balance sheet over previous month, check detail, P&L year over previous year, and Budget Performance. If needed a projected budget for the balance of the fiscal year should also be included. Additional reports and statements can be produced upon request.
- C. Financial statements are presented to the Finance Committee which usually meets on the first Thursday of every month.
- D. All financial statements, after receiving a recommendation from the Finance Committee, are presented to the Board of Directors on the second Thursday of the month during the monthly board meeting.

XXI. Budget

- A. A budget is prepared annually.
- B. DACC must have a balanced budget.
- C. The President submits information on salaries, travel, marketing, community involvement, legislative programs, and major purchases.
- D. The President calculates membership with input from the Marketing/Events Coordinator.
- E. The budget is reviewed initially by the President, and then presented to Finance Committee, followed by a presentation to the Executive Committee after a recommendation is given by the Finance Committee. After the Executive Committee has reviewed and approved the budget, final approval and adoption will be given by the Board of Directors.