

FRIENDS of the YOLO BRANCH LIBRARY OF YOLO FINANCIAL POLICIES

1. Purpose

These Financial Policies are adopted to insure that the Board of Directors employs the highest standards in performing its fiduciary duties, including compliance with all state and federal laws.

2. Budget, Approval of Plans and Commitments Before They Are Implemented

The Board of Directors will set the annual budget, based on the fiscal year, to direct how funds are spent. Board approval is necessary in order to spend funds or make financial commitments to projects that have not already been incorporated into the approved budget.

The Board Treasurer ensures the appropriate: 1) preparation of an annual budget; and 2) handling and distribution of funds; and 3) preparation and presentation of regular financial reports to the Board of Directors.

3. Accurate, Timely Financial Reports and Information Returns

The Treasurer oversees the budget and finances for the Friends of the Yolo Branch Library of Yolo, and provides accurate, timely financial reports and information returns. The Board of Directors will review regular financial reports, including a statement of assets, liabilities, and net assets, and a comparison of actual financial activity to the approved budget. All financial records shall be maintained following generally accepted accounting principles.

The Treasurer will maintain a calendar of report deadlines, including federal and state filing requirements, and will advise the Board of Directors to ensure that all financial reports and information returns have been filed as required. As required by law, the Treasurer shall file required financial reports with the attorney general of the State of California, the Franchise Tax Board, and the Internal Revenue Service.

4. Banking Institutions and Accounts

In order to minimize risk and maximize benefit, the Friends of the Yolo Branch Library of Yolo utilizes only federally insured local banking and savings institutions. The amount on deposit with any one institution may not in the usual course of business exceed the FDIC insured limit.

5. Deposits

All income intended for the Friends of the Yolo Branch Library of Yolo will be properly received, recorded, deposited, reconciled, and kept under adequate security. Any cash received must be promptly and fully deposited. Revenues totaling greater than \$1,000 will be deposited within three (3) business day following receipt. Revenues totaling less than \$1,000 will be deposited within ten (10) business days of receipt.

6. Fixed Assets

Expenditures for land, building, and equipment are recorded at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation expenses are calculated using the straight-line method.

The Friends of the Yolo Branch Library of Yolo capitalizes all fixed assets with a cost greater than or equal to \$10,000 and a useful life greater than one year, unless otherwise stipulated by a grant or donor. Fixed assets may be acquired and disposed of only upon proper authorization by the Board of Directors. The Friends of the Yolo Branch Library of Yolo will conduct a regular inventory of fixed assets, and maintain a central list of fixed assets, including registration numbers, warranty information, original cost, and service contract information as appropriate.

7. Disbursements and Signatory Authorization

The Board of Directors specifies authority to approve payments for services and financial commitments of the Friends of Yolo Branch Library of Yolo. Funds will be disbursed only upon proper authorization by the Board of Directors. All disbursements will be properly recorded. No check may be made out to Cash.

The Board shall designate a minimum of two (2) and up to four (4) individuals deemed appropriate as authorized signers of checks on behalf of the Friends of the Yolo Branch Library of Yolo. Any check for an amount more than \$1,000 must have documented authorization by another Board officer. No check signer may sign a blank check or a check payable to himself/herself.

8. Reconciliation and Review of Banking/Security Statements

All banking/security statements will be reviewed monthly by a Board member who is not otherwise involved in the preparation of checks and/or the depositing of funds. A financial review shall be conducted annually by a person knowledgeable in financial accounting. The Board shall determine if a financial audit is needed.

9. Fiscal Year

The fiscal year for the Friends of Yolo Branch Library of Yolo shall be the period from July 1 through June 30 of the following year.

10. Grants, Gifts, and Pledges

Any gifts of whatever value received at the Friends of Yolo Branch Library of Yolo will be considered gifts to the organization. All grants and gifts will be properly received and recorded. Pledges are recorded at the time they are made. *Additional policies and procedures regarding grants and gifts are found in the Donor Policies.*

11. Restricted Gifts and Restricted Funds

The Board of Directors will review and recommend final action on any new restricted gift or restricted fund opportunities of \$5,000 or more.

The review process shall include:

- Discussion with the donor about his or her goal or intention for establishing this gift or fund and any expectations;
- Review of the impact of the gift or restricted donation on the Friends of Yolo Branch Library of Yolo's resources, and donor relationships;
- Discussion on how this gift or fund aligns with the Friends of Yolo Branch Library of Yolo's mission, strategic plan, and annual work plan;
- Development of projected revenue and expenses and timeline related to the donation;
- Consultation with the County Librarian as it relates to the County Library's mission, goals and strategic plan;
- Letter to the donor or interested party clarifying the agreed-upon action, expectations of the donor and the Friends of Yolo Branch Library of Yolo, timeline, budget, and donor recognition.

12. Gratuities

If a representative of the Friends of the Yolo Branch Library makes a public presentation and receives money for this appearance, this gratuity shall be deposited as unrestricted revenue in the Friends of the Yolo Branch Library account.

13. Procurement and Purchasing

The Friends of Yolo Branch Library of Yolo will always seek to maximize value and cost-effectiveness in all procurement and purchasing.