Purpose. The purpose of this policy is to ensure the FOL’s financial resources are used appropriately, ensure maintenance of accurate financial records, and provide a written set of internal financial controls. These controls will serve to guide the FOL Board in sound financial decision making, help them fulfill the FOL’s mission in the most effective and efficient manner, and remain accountable to all stakeholders, including FOL members, contributors, and the community.

Section 1. The FOL Board of Directors is ultimately responsible for the financial management of the corporation. The Treasurer is responsible for the day-to-day financial management of all activities and receives funds, pays bills, maintains bank accounts, prepares financial reports, and interfaces with the organization’s accountant. The Treasurer should have working knowledge of the IRS and Texas Comptroller laws and publications concerning contributions, disclosure statements, earned revenue and federal and local sales tax policies and should help keep the organization operating in a fiscally responsible manner and in accordance with applicable guidelines. The Board may appoint an assistant to help the Treasurer with bookkeeping duties and may also appoint a team of FOL members to count received funds and make deposits.

Section 2. The organization will use Quick Books accounting software to maintain financial records on a cash basis accounting method. Files will be backed up at least monthly. A certified accountant will be used to prepare quarterly and annual financial statements, prepare the FOL’s Form 990, provide financial advice, and prepare other financial documents as requested.

Section 3. The FOL Board will approve an annual operating budget. This should be done in November or December of each year. The budget will include an operating reserve line to provide a cushion against unexpected events, losses of income, or large unbudgeted expenses. The operating reserve will be funded with surplus unrestricted operating funds or the Board may direct a specific source of revenue be set aside. The target minimum Operating Reserve Fund should be the minimum to maintain ongoing operations and programs for a period of six months. The amount will be calculated each year after approval by the Board of the annual budget. It will be included in the regular financial reports.

Section 4. Board approval is necessary to spend funds or make financial commitments to programs or expenditures not already incorporated into the approved budget or within a committee’s approved budget. Committee chairs should submit their budget to the board for approval prior to expending any funds. Committee chairs should ensure expenses do not exceed the approved budget. If additional funds are necessary, the committee must seek board approval. For those activities that earn revenue, such as the Book and Author Luncheon or bus trips, the Committees should ensure that expenses are necessary, reasonable and do not exceed projected revenue. Board approval is necessary for expenses over the projected revenue.
Section 5. The Treasurer will present monthly financial reports to the Board to include statement of financial position (balance sheet), monthly profit and loss statement, and the restricted funds report. A comparison of actual financial activity to the approved unrestricted budget will be presented quarterly. Quarterly and annual statements will be prepared by the accountant and presented to the Board. An end-of-year financial report will be presented at the annual meeting.

Section 6. The bank, Paypal, and State Farm Visa statements will be reconciled at the end of each month in a timely manner by an individual not involved in the preparation of checks, depositing of funds, or an authorized signer of checks or credit card holder. This individual may be the bookkeeping assistant, a board member, or a team appointed by the Board. This individual will also count the petty cash fund. The Visa statement will be sent to board members prior to the monthly board meeting.

Section 7. All income or donations intended for the FOL will be given to the Treasurer to be properly recorded, deposited, reconciled, and controlled. Committee Chairs, such as Book Nook, Membership, Book & Author, or Bus Trip, may make deposits of their funds and sign and submit the appropriate FOL receipt form and documentation to the Treasurer. Funds should be deposited in the appropriate bank account in a timely manner (usually within 5 days) and recorded in the appropriate Quick Books account. The treasurer may sign checks or do an electronic transfer of funds for all payments approved by the Board. For checks over $500, two authorized signers will be required. The treasurer will notify the board of online payment transfers over $500. Reimbursements to an individual authorized to sign checks or make payments must be signed by another authorized individual.

Section 8. All grants and donations will be acknowledged appropriately to comply with IRS guidelines. Grants will be monitored closely and accounted for according to the terms of the grant. For those grants given by the FOL to the Bulverde/Spring Branch Library, a report will be requested from the Library Director on the expenditure of funds.

Section 9. Board directors, committee chairs/committee members may purchase items as necessary for FOL programs/functions up to $100.00 without board approval. Purchases over $100 must be within a committee’s approved budget or have board approval. The Treasurer may purchase office supplies or printer cartridges/toner up to $250.00 without prior board approval. Purchases should be briefed at the next board meeting. Approved items purchased for FOL functions/programs will be reimbursed. Sales tax will normally not be reimbursed. Exceptions must be approved by the Board. Anyone making purchases for the FOL should pick up a Texas Sales and Use Exemption Certification (01-339) or specific vendor tax-exempt form (e.g. Office Depot/Office Max, Home Depot, etc) prior to making the purchase. Receipts must be submitted to the Treasurer along with a completed FOL Reimbursement Form. Questions by the treasurer on reimbursements will be referred to the Committee Chairs or the FOL Board for clarification or resolution.

Section 10. The FOL may maintain a credit card account to facilitate efficient operations. Credit cards will only be issued to specific individuals authorized by the Board of Directors with specific credit limits as appropriate. Cards will be adequately safeguarded at all times. All credit card transactions will be used for purchases authorized by the Board or within a committee’s approved budget. Credit card receipts/invoices will be provided to the Treasurer. The credit card bill will be presented to the Board at the regular monthly board meeting or via email if not available at the time of the meeting.
Section 11. An internal audit of financial records will be conducted every two years. The FOL Board will appoint a team of 3 to 4 knowledgeable of FOL members to conduct the audit. A report of the audit will be submitted to the Board.

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