

# Financial Management Policies and Procedures

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### **I Purpose of Policy**

These policies are to establish guidelines for developing financial goals and objectives, making financial decisions, reporting the financial status of the Ester Village Library, and managing its funds.

### **II Responsibilities**

- A. The Board of Directors will formulate the annual budget and approve financial policies.
- B. Board Officers will have signature authority on bank and credit card accounts. If the Treasurer is absent for an extended period, or departs out of state, the checkbook and credit card will be given to one of the other Officers.
- C. The Treasurer has the day-to-day responsibility for managing Ester Village Library funds, ensuring the accuracy of the accounting records, internal controls, formulating financial objectives and policies, monthly financial statement preparation and presentation to the Board, bank reconciliation, Chart of Accounts, Form 1099 reporting, Form 990 reporting, and QuickBooks entries. The Treasurer is also responsible for management of the Endowment and other fund investments, and selection and coordination with an outside accountant for preparation of taxes or other accountant necessities.
- D. The President has ultimate responsibility to oversee all financial records and transactions and will be the monthly reconciler of bank and credit card statements.

### **III Security**

- A. Background checks – all persons who have signing authority on any account will have their criminal and financial backgrounds checked.

- B. Physical Security – All cash and unused checks will be stored inside the locked, fireproof lockbox within the locked office. The keys to that lockbox will be maintained by the President and Treasurer.

#### **IV Budget Process**

- A. Within the first 2 months of each Fiscal Year, preferably at the Annual Retreat, the Treasurer will present to the full Board a proposed budget. The proposed budget will be based upon the previous year's budget, with any major deviations detailed and explained.
- B. Once the full Board is satisfied with the proposed budget, it will be approved for the upcoming Fiscal Year.

#### **V Bookkeeping**

- A. General – All accounts will be managed through QuickBooks.
- B. Accounts
  - 1) Main accounts - Checking and an interest-bearing Savings account are the main accounts. Since the Checking account is either no or low interest, the majority of funds should be kept in Savings.
  - 2) Electronic Deposits (E Deposit) account will be maintained separately from Checking and Savings in order to keep potential hackers from the main accounts.
  - 3) Other checking or savings accounts can be opened and maintained for specific purposes.
  - 4) Credit Card accounts – There will be 1 main credit card account. There will, at most, be only 2 cards issued per account: one for use by the Treasurer and one for use by the President. Other credit card accounts can be opened and maintained for specific purposes.
- C. Expenses – shall be necessary for the Ester Village Library operations and reasonable in its scope and amount.
  - 1) Board Pre-Approval – In order to maintain fiduciary responsibility, the following limits are placed upon Ester Village Library board members:
    - a) Board Officers - Amounts less than \$100 – No Board pre-approval is necessary.
    - b) Other Directors - Amounts greater than \$50 – Requires Board pre-approval. The expense amount is implied when the Board approves of a purchase without a specific amount, as long as the cost is reasonable.
  - 2) Reimbursement – Purchases made by others (board members, members or non-Library personnel) and reimbursed by the Treasurer. A detailed receipt or written

documentation will ALWAYS accompany any reimbursement. The following limitations are placed upon Requests for Reimbursements:

1. Board officers – Up to \$100 can be reimbursed without Board Approval
  2. Board members and alternates – Up to \$50 can be reimbursed without Board Approval
  3. Members or non-members – any amount must be approved by the Board before reimbursement can take place
  4. Any non pre-approved request of any amount can be reviewed by the Board to determine if it is necessary for Ester Village Library operations and reasonable in its scope and amount, before reimbursement.
- 3) No approval needed – necessary and recurring financial transactions, such as utility bills, do not require any approval.
- D. Reconciliation – There will ALWAYS be a two-person reconciliation procedure so that theft of funds can be avoided.
- E. Backup of QuickBooks - Once a month, preferably after reconciliation, the Treasurer will back-up the QuickBooks data onto a thumbdrive and onto the harddrive of the Library laptop. The Treasurer will then store the thumbdrive apart from the Treasurer's laptop.

## **VI Tax Preparation**

- A. The Treasurer is responsible for the issuing or obtaining the following tax forms:
- 1) W-9 – Taxpayer Identification Certification – The Ester Village Library must supply this at times to verify the Employee Identification Number (EIN). Conversely, any independent contractor who does business with the Ester Village Library in any amount greater than \$2000 in a calendar year must supply the Ester Village Library with their W-9, which verifies their EIN to be used in the issuance of the 1099-NEC
  - 2) IRS Form 1099-NEC – Miscellaneous Income – Individuals, independent contractors and LLCs that have been paid greater than \$2000 in a calendar year must be issued a 1099-NEC by January 31 of each year. Use the supplied W-9 to fill out the 1099-NEC and send it to the vendor and the IRS.
  - 3) IRS Form 1096 – If any 1099-NEC forms are issued, the IRS Form 1096 has to be filled out online and reported to the IRS. This is due by February 28.
- B. The Treasurer is responsible for coordination with the accountant to get a copy of QuickBooks to the accountant for preparation of taxes, sign once done and make necessary adjustments in QuickBooks (depreciation and appreciation amounts).

- C. Accountant: The Ester Village Library may maintain the current accountant until such a time as the accountant is no longer available, or the Board terminates the accountant for cause. If there is a need for a new accountant, the Treasurer will initiate a search and recommendation for a new tax preparation accountant located in Alaska and having a current Alaska Business License. Selection of the new accountant will be approved by the Board.