

# **Nine Mile Community Center**

## **Financial Internal Controls Policy**

Financial internal controls appropriate to the size of the organization are key to protecting its assets and resources. Internal controls are a system of checks and balances established to reduce the potential for misuse of an organization's assets or misstatement of account balances. Control activities benefit an organization's officers and/or employees from being falsely accused of fraud or misuse of assets.

### **Control Environment**

Competent individuals with unquestioned integrity and ethical values and experience with financial matters should be assigned to implement the Center's accounting tasks. The Board of Directors will provide oversight by routinely reviewing bank and accounting reports.

### **Revenues**

- 1) The Community Center's post office box will be checked routinely (at least monthly for regular business, weekly when conducting fundraising campaigns) by a designated board member to retrieve envelopes containing checks payable to the Center.
- 2) Two copies of all checks will be made: one copy to the board member designated to acknowledge receipt of all charitable donations and one copy for the permanent record maintained by the Treasurer.
- 3) Checks will be given to the Treasurer for deposit within one week's time into the appropriate Center account(s).

### **Disbursements**

- 1) There will be four officers authorized to sign Community Center checks (President, Vice President, Secretary, Treasurer).
- 2) The Community Center's post office box will be checked routinely (at least monthly for regular business) by a designated board member to retrieve Community Center bills.
- 3) The Treasurer will be authorized to sign checks paying routine Center bills (such as for utilities, required nonprofit reporting, maintenance supplies, etc.) up to \$500.
- 4) Payments in excess of \$500 will be cosigned by one of three other officers authorized to sign checks.
- 5) The Treasurer will be authorized to transfer funds from appropriate accounts to cover disbursements.
- 6) Board approval is required for major disbursements exceeding \$500.
- 7) The Board will seek competitive bids for repair, maintenance and/or construction projects exceeding \$1,500.

### **Communication**

- 1) The President and any other designated board members will receive copies of the bank statement.

- 2) Copies of the bank statements will be temporarily provided to the individual responsible for maintaining the Center's accounting system records for purposes of conducting bank reconciliations and preparing reports.
- 3) The Treasurer will provide monthly banking summaries to board members; quarterly balance sheet and profit/loss statements will also be provided.
- 4) In accordance with nonprofit transparency and reporting requirements, copies of accounting records (including the Center's IRS 990 tax return and Treasurer's reports) shall be made available to citizens upon request at the fair market cost of providing the copies. Ideally, this information will be available on the Center's website. Copies of bank statements will not be available on the website to prevent potential fraudulent access to bank account assets.

#### **Grant and Contribution Reporting**

- 1) All grants will be properly recorded in the accounting records, and final reports to granting entities will affirm the funds were properly expended for their intended purposes.
- 2) All donations with restrictions will be acknowledged as such and will be returned if the restrictions can no longer be heeded.

#### **Annual Audit**

- 1) Should the Nine Mile Community Center's revenues exceed \$100,000 per year, the Board will obtain bids from certified public accountants for an annual compilation and review.
- 2) Should the Nine Mile Community Center's revenues exceed \$500,000 per year, the Board will obtain bids from certified public accountants for an annual audit.

Adopted November 12, 2008