

## **WBC FINANCIAL POLICIES AND PROCEDURES**

**Introduction:** The Board of Directors and Staff of the Williamsburg Boat Club (WBC) are committed to ensuring the sound management of organizational assets in the interest of achieving the WBC mission. The policies and procedures contained herein are intended to:

1. Protect the assets of WBC
2. Put in place basic accounting, billing, and cash control policies and procedures
3. Ensure the maintenance of accurate records of the organization's financial activities
4. Ensure compliance with all federal and state procedures and reporting requirements

**Financial Records and Reports:** The organization will employ a regular process for assessing the status of organizational finances and assets. The Board of Directors will ensure that timely and accurate financial information is available, understood, and used to guide decision-making:

- The fiscal year for the organization will be January 1 – December 31.
- The financial records of WBC will be maintained using the cash basis of accounting.
- An annual budget will be prepared by the Treasurer and approved by the Board for the Annual Meeting.
- The bookkeeper will reconcile the bank statements with bookkeeping records monthly with an actual to budget comparison that is shared with the Board
- The bookkeeper will prepare an income statement and balance sheet for annual (and more frequently by request) review by the Treasurer and Board.
- At least every 5 years, an audit or review will be conducted by an independent CPA, to be made available to members of the public.

**Budgets:** Budgets provide a standard by which to measure performance, encourage planning, and allocate resources in accordance with funding source requirements.

- Budgets should use reasonable assumptions of income and expenses. Budgets should be balanced, and should lead to the accumulation of reasonable reserves, which can be used to ensure cash flow over time.
- The organization's annual budget is prepared by the Treasurer and assisted by relevant Board members for accurate forecasting.
- The Treasurer will submit an annual operating budget to the Board of Directors for their approval in December. The Board will also approve a Capital budget.

**Budget Revisions:** From time to time it will be necessary to deviate from the spending plans captured in organizational budgets.

- Non-budgeted expenditures that exceed \$10,000 will be submitted to the Board for approval and to consider a formal revision of the approved annual budget.
- Non-budgeted expenditures between \$1,000 and \$9,999 that cannot be easily accommodated by shifting expenses from another budget line shall prompt a discussion to justify the expense, how it will be financed, and how other budgeted expenses may be affected.

- Non-budgeted expenditures less than \$1,000 do not require discussion if they are approved by the President, Treasurer, or DOR and they can be accommodated in the overall budget. The Budget vs. Actual should be reviewed by the Board quarterly with revisions made to update new expectations.

**Internal Controls:** WBC is committed to sound internal controls that ensure segregation of duties to create accountability and prevent misuse of organizational assets. The most important of these include the following:

- There will be separation of financial duties and responsibilities so that no staff member has sole control over cash receipts, payroll, bank reconciliations, accounts payable or other accounting functions.
- Bank statements will be reviewed by at least one person in addition to the person performing the reconciliation.
- The Board of Directors will provide fiscal oversight in the safeguarding of the organizational assets and shall have primary responsibilities for ensuring that all internal and external financial reports fairly present its financial condition.
- A proper filing system will be maintained for all financial records with the Club's outside accounting company.
- Actual income and expenditures will be compared to the budget on a monthly basis.
- No bank account should contain more than the FDIC insured amount.
- Bank statements will promptly be reconciled on a monthly basis by the bookkeeper/accountant.
- The board of directors shall approve annually any new signers for each bank account and any new and necessary bank accounts and the Executive Committee shall promptly notify financial institutions of any changes to authorized signers on organizational accounts.-
- Appropriate insurance for all assets will be maintained.
- Voting Board members will not be compensated for serving on the board or for club roles while they are officers of the board. (The DOR is a non-voting member of the Board and is in a compensated role.)

**Purchasing:** The following policies govern how purchasing decisions will be made:

- Only the President, Treasurer or DOR, in conjunction with the Board of Directors, if necessary, is authorized to make purchasing decisions in excess of the approved budget. For purchases above \$1,000 (if an applicable situation recognizing most large purchases are unique in nature) bids should be sought.
- Some form of cost, price, or value analysis shall be made in connection with procurement action outside the budget and noted in Board minutes.
- Price should be one of the factors in the evaluation of responses, but the organization is not required to take the lowest price if other factors are important to the decision.

**Organizational Credit Cards:** WBC authorizes credit cards for the purpose of facilitating online and business purchases. The use of organizational credit cards

creates the opportunity for expenditures to be made without prior approval. The following policies govern how these transactions will be handled:

- Due to the potential for theft, misuse, and auditing problems, use of credit cards is monitored carefully. Only the President, Treasurer, and DOR will be issued an organizational credit card. Other staff may request that purchases be made for business purposes on their behalf using one of these cards. The Boosters President will be issued a credit card dedicated to Boosters purchases: merchandise for resale, food for regattas and rowing events, and supplies for regattas and rowing events.
- In every instance of credit card usage, the individual using the card will be held personally responsible in the event that the charge is deemed personal or unauthorized.
- All credit card purchases above \$50 must be reconciled and attached to supporting documentation (receipts) on a monthly basis.
- The Bookkeeper or Treasurer will review all credit card purchases monthly and must approve all payments.
- The bookkeeper/accountant will enter all credit card transactions into the accounting software monthly.
- Misuse of credit cards or failure to follow these procedures will lead to restrictions or loss of credit card privileges.
- The Treasurer or Bookkeeper must be notified immediately if a card is lost or stolen.

**Fixed and Capital Assets and Depreciation:** The following policies govern how fixed and capital assets will be treated:

- WBC has established a capitalization threshold of \$2,500 for property expected to benefit the operations for multiple years to be considered a fixed asset.
- This inventory list will include the description, estimated date of purchase or receipt, cost, and life expectancy for depreciation purposes. If available, a copy of the invoice and any relevant paperwork (written information, title, registration) should be maintained with these asset records until the asset is sold or deleted.
- The purpose of depreciation is to recognize the decreased value of the property over time (useful life) and to quantify this usage as an expense to each year deriving benefit from its use.
- Fixed assets are depreciated using the straight line depreciation method and the useful life per IRS guidelines.
- As depreciable property is purchased, it is added to the depreciation schedule in the month following purchase/installation.
- A recurring journal entry is set up for posting each month, charging the depreciation expense to the appropriate program(s).

**External Audit:** WBC will have an audit or review prepared by an external CPA firm at least every 5 years.

- The Treasurer, assisted by the outside Bookkeeper or Accountant is responsible for soliciting bids, interviewing firms and making the recommendation to the Board of Directors when selecting the firm to be awarded the audit/review contract. Acceptance

of the audit/review contract will be evidenced by a signed audit engagement letter.

- The audit/review is reviewed in detail by the Treasurer but presented to the Board by the auditor and accepted by the Board based upon the Treasurer recommendation.

**IRS Form 990 Preparation:** An external CPA firm or individual will prepare the organization's annual Form 990 for submission to the IRS to ensure accuracy.

- The President and Treasurer will oversee preparation of the form, with the bookkeeper/accountant.
- The Executive Committee will review/approve the form before submission to the IRS.