

# Indiana Library Federation Financial Policies and Procedures

## General Finance

The Indiana Library Federation (ILF) is incorporated under Indiana law as a not-for-profit corporation with the Internal Revenue Service classification as 501(c)(3). The Indiana sales tax exemption number is 722052-09. (Please see the Tax Exempt Form on page 2.28)

1. *Accounts:* All ILF funds are maintained in a variety of accounts approved by the ILF Board of Directors and administered by the treasurer and executive office.
2. *Audit:* ILF financial records shall be audited annually. The executive director and treasurer shall present the auditor's report to the board with discussion and possible action on recommendations made.
3. *Budget:* A budget for units is a projection of expenses approved by the Board for use as a financial planning tool. Budget projections are for fiscal year only and are not carried over to the next fiscal year.
4. *Contracts:* **Any work performed on behalf of or for ILF or any of its units for which compensation is to be paid must be covered by an authorized written contract or agreement.** All contracts and agreements made on behalf of ILF or its units must be reviewed by and coordinated through the ILF office and executive director. This includes contracts for equipment, speakers, facilities, and exhibit shows. All contracts must be signed by the executive director in order to be valid and payable.
5. *Deposits:* Monies received shall be deposited within 24 hours or as soon as possible. Monies sent by unit chairs to the executive office for deposit should be accompanied by an itemized list of sources with a total to be verified by the office.
6. *Endowment:* ILF has established an endowment to aid in support of the Federation's stated purposes. The board may make memorial or recognition contributions to the ILF Endowment Fund to be paid from the general operating fund. ILF members are also encouraged to make personal, memorial, or recognition contributions to the ILF Endowment Fund.
7. *Fiscal Year:* The ILF fiscal year is January 1 to December 31.
8. *Focus Ads:* Cost of ads or extra page inserts in *Focus* shall be borne by the unit requesting the insert and the unit should budget accordingly.
9. *Insurance:* The executive director is responsible for coordinating appropriate insurance coverage for ILF offices and operations, its directors and its staff. Riders for special events may be added by request, but the expenses must be borne by the unit requesting. Currently ILF has policies for directors and officers liability, umbrella liability, and fire and contents coverage for the office.
10. *Investment Policy:* ILF funds shall be invested in high quality securities, bank and corporate certificates, and mutual funds. The Financial Development Committee shall determine a portfolio balance of both conservative and more aggressive instruments with an emphasis on long-term growth and income potential. No more than 50% shall be allocated to any investment class.

11. *Lobbying:* Indiana state law prohibits tax money from being used for lobbying purposes. In order to present a clear record of the source of ILF funds for lobbying, one-half of each individual membership fee, not including extra affiliations, will be split evenly between the operating fund and the legislative advocate fund until a total for the advocate fund has been reached which is equal to the amount budgeted for that fiscal year.
12. *Membership List:* ILF units may request ILF mailing lists at no cost. ILF mailing lists may be made available to outside organizations for a fee.
13. *Mileage:* The ILF mileage rate will be determined by the following formula: IRS business mileage rate minus the charitable mileage rate will equal the approved ILF mileage rate. Reimbursement for mileage under 50 miles should be allowed to accumulate until 50 miles have been met before submitting for payment.
14. *Reimbursement Deadlines:* All units must submit vouchers by December 15 for payment in the current fiscal year's budget. All vouchers for payment of expenses relating to a conference must be submitted no later than 45 days following the conference date or December 15, whichever occurs first.
15. *Reimbursement Forms:* All requests for expense reimbursement must be accompanied by a Financial Transaction Request Form which has been signed by the chair and treasurer, if applicable, of the unit for which the expense has been incurred. The form must state the purpose of the expense and have a copy of the bill or invoice attached. Unit chairs are encouraged to hold reimbursement requests until a minimum of \$10.00 for each payee is reached before submitting a Financial Transaction Request Form. Incomplete forms or form for less than \$10.00 will be returned without payment but may be resubmitted.
16. *Reports:* A quarterly financial statement is prepared for the board and unit chairs. It is recommended that unit chairs maintain a separate accounting to detail their unit's expenditures and receipts since the financial statement is a summary report. Units may request additional financial reports as needed.
17. *NSF Procedure for Returned Checks:* Due to bank charges incurred by ILF when a check is returned for insufficient funds, the bank's fee for returned checks and a processing fee not to exceed \$50 will be billed to the check originator to cover these expenses.
18. *Tax Exemption:* ILF is exempt from paying Indiana sales tax. Any purchase made on behalf of ILF or its units should be made after consulting with the executive director and the tax exempt number should be used. No reimbursement shall be made for sales tax paid.
19. *Tax Form Filing:* It is the responsibility of the executive director to file the appropriate federal and state tax returns as directed by the accounting firm. They include the following:
  - Form 990: Return of organization exempt from income tax
  - Form 990-T: Exempt organization business income tax form
  - Form IT-20NP Not-for-profit organization return
  - Form IT-35AR Return of a not-for-profit organization exempt form
20. *Travel:* On approval of the Board, The ILF executive director and the ALA councilor may be reimbursed for basic registration, travel, lodging and meals for out-of-state travel on behalf of ILF with submission of valid receipts. These reimbursements are supported by annual budget allocations approved by the ILF Board.

21. *Treasurer's Signature Stamp:* a.) The stamp is used when an authorized signer is not readily available to sign a check. b.) A copy of the check and all supporting documentation is sent to the treasurer for consideration before the check is mailed. c.) The treasurer can request any additional information and discuss any questions over the phone or electronically.
22. *Units:* The programmatic activity of ILF is performed through units established by the Board of Directors as Committees, Associations, Divisions, or Districts.
23. *Warrants:* The executive director may sign warrants under \$5,000 without a co-signer. All other warrants are jointly signed by any two individuals specifically the president, the treasurer, president-elect, assistant treasurer, and the executive director, all of whom are designated by the board in a resolution passed at the regular May or June meeting of the Board. (By-laws, Article XVI, section 2.) As needed, the Treasurer may request that the amount for checks requiring two signatures be changed.

## Financial Support of ILF Units

The programmatic activity of ILF is performed through units established by the Board of Directors as Committees, Associations, Divisions, or Districts. These units are defined below.

1. **Associations:** Activities and programs of the associations may be supported by a budget allocation as long as these are ordinary and reasonable. Associations may sponsor individual conferences following unit conference financial policies. Associations may seek grants or sponsor fund-raising activities with approval of the ILF Board of Directors. Associations may use Conference Profit Account (CPA) funds for a variety of activities.

Associations with ongoing or longterm projects, such as Media Fair, IP2, Rosewater, YHBA, Read Aloud or Ronald McDonald House have specific accounts for the implementation of the projects. The balances in the accounts are carried over from year to year.

2. **Committees:** Administrative expenses are supported by budget allocation. Committees may sponsor special events for educational purposes with board approval and should follow conference financial policies for these events. Committees also may be designated to monitor the use of gifts or grants received by the Federation.
3. **Districts:** All district conferences should follow unit conference financial policies and are supported by budget allocation. Districts may use Conference Profit Account (CPA) funds for a variety of activities.
4. **Divisions:** Organizational activities and programs of divisions may be supported by a budget allocation. Divisions may sponsor individual conferences following unit conference financial policies. Divisions may seek grants or sponsor fund-raising activities with the approval of the ILF Board of Directors. Divisions may use Conference Profit Account (CPA) funds for a variety of activities.

## The Annual Budget

1. Budgeting procedures and guidelines for appropriate units are to be provided to leaders at the annual ILF leadership orientation.
2. The annual budget for ILF is determined by a budget committee composed of members of the Board of Directors. The budget is subject to board approval and a summary shall be published in *Focus*.
3. The general operating fund budgets of all units are determined for a calendar or fiscal year, even though the officers of the units may change during the year. At the end of the fiscal year, unexpended monies will revert to the General Fund.
4. Forms for budget requests for the coming fiscal year are included in the *Finance and Budgeting Guidelines* in the ILF leadership manual.
5. Budget request forms should be returned to the ILF office no later than September 1. If no budget request is received from a unit by September 1, it is assumed that no unit expenses need to be included in the new budget.
6. The budget request should be as specific as possible covering expenses for unit business and any conference planning expenses for a conference to be held in another fiscal year. If a conference is being planned for the current fiscal year, a separate conference financial plan should be submitted to include planning expenses, projected income and conference costs.

## Conferences

The term “conference” includes a program meeting, seminar, workshop, conference or preconference event sponsored by an ILF unit. Annual conference guidelines are a separate section.

1. Units should follow the *ILF Financial Policies and Procedures*.
2. All conferences sponsored by ILF units must be financially self-supporting by virtue of an appropriate registration fee and/or other revenue sources and should be planned on a zero based budget. Preregistration at two weeks prior to the conference must be sufficient to cover 75 percent of the budgeted costs or the program may be canceled. A cost-recovery statement will be included on all conference registration information and contracts with exhibitors.
3. A cost-recovery statement, similar to the following, will be included on all ILF conference registration information and contracts: ILF conferences are offered on a cost-recovery basis. ILF reserves the right to cancel all or any part of an event if there is insufficient registration or for other reasons. ILF is not responsible for cancellation charges or losses incurred due to any cancellations. All information listed on conference brochures is subject to change.
4. A Conference Financial Plan shall be submitted to the office for review and approval. No expenses shall be prepaid unless this financial plan is on file.
5. Registration fees shall be used to cover educational service fees, conference supplies, speaker fees, table decorations, and site expenses. Cost of the meal functions may be added to the registration fee to give a total conference charge for attendees.
6. Registration fees at all ILF functions should reflect a significant difference between members and nonmembers. Conference registration fees for nonmembers should equal at least one and one-half

times the per capita cost of the conference. The cost of the meal function may be added to the registration fee at no differential adjustment for non-members.

7. The net profit a conference generates will be added to the unit/district conference profit account which may be used in connection with future conferences or the annual conference in keeping with ILF policies, at the discretion of the unit. Net profit will be determined by the final conference figures using actual figures for income, expenses, indirect costs and office support.
8. The unit/district conference profit account has been established to hold funds generated by conferences until the unit/district designates the desired use for this profit. Possible suitable uses might include:
  - Scholarships.
  - Speakers.
  - Educational projects.
  - Educational recognition or awards.
9. If a conference suffers a deficit, the sponsoring unit/district's conference profit account will be used to cover the loss. If this is insufficient, the ILF general operating fund will cover creditors and the unit will have two (2) years to correct the debt. If the debt is not cleared or a plan for clearing the debt has not been formulated by that time, the ILF general operating fund will no longer cover expenses for any activities of the unit until the problem is resolved.
10. It is understood that ILF members and Indiana librarians & trustees presenting programs at conferences are donating their services in lieu of honorarium. ILF units authorized to hold conferences may allow or reimburse presenters as follows:

Presenters who are not members of the sponsoring units are not required to register or pay registration fees for the conference. The unit planning committee may allow or reimburse the following expenses provided they are included in the unit conference financial plan and approved by the executive office:

Conference registration fee

Conference meal

Travel reimbursement may be paid at the current ILF mileage rate if the presenter traveled at least 50 miles round-trip.

Presenters who are members of the sponsoring unit are required to register for the conference, pay registration/meal fees, and may not receive mileage reimbursement. ILF members residing in a district are members of that unit. Speakers who attend only their own sessions and do not attend other programming or exhibits are not required to register.

11. The approved conference refund policy must be noted on all announcements and registration forms for all conferences. A refund fee must be charged. Any conference registration form printed in *Focus* must also include a refund policy.
12. Door prizes are allowed only if the door prizes are donated. Units may solicit door prizes from groups such as the ILF office, Friends' groups, or businesses.

## Fund-Raising

1. Fund-raising activities and grant applications are under the direction of and must be approved by the ILF Board of Directors. As the parent IRS-recognized unit, ILF has the ultimate responsibility for recording and reporting all solicitations.
2. Fund-Raising Activities
  - A. Prior to beginning the activity, any unit wishing to initiate a fund-raising solicitation must have the approval of the Board of Directors. Units should use the Special Project Financial Plan form to submit the project to the Board of Directors. These activities include but are not limited to sale of products, direct mail appeals either to members and/or the public, and special events or programs.
  - B. The ILF office is responsible for all banking for any fund-raising activity. This includes timely deposit of all receipts and payment of all expenses according to a financial plan submitted by the unit chair.
  - C. A portion of the profit, based on the financial plan, is paid to the ILF general operating fund at the end of the fiscal year to cover office support and financial reporting services.
  - D. The net profit of the fund-raising activity is placed in the unit/district conference profit account or specific project account until used.
3. Grant Applications: All applications for grants to be administered by ILF must be approved by the Board of Directors prior to submission.

Approved by ILF Executive Board: 1/19/04