

## **KEYSTONE STATE READING ASSOCIATION FISCAL POLICIES AND PROCEDURES**

The Keystone State Reading Association's (KSRA) fiscal policies and procedures have been established to provide a uniform understanding and application of the intent of the KSRA Board of Directors to effectively utilize KSRA resources to best meet the goals and objectives of KSRA.

I. Accounting Procedures

The organization follows practices which conform to accepted methods of cash-based accounting.

II. Internal Controls

The organization has systems in place to provide the appropriate information staff and board need to make sound financial decisions and to fulfill Internal Revenue Service requirements. Internal controls are designed to provide reasonable assurances regarding the safeguarding of resources against mistakes, fraud or abuse, reliability of operating and financial information, continues commitment to compliance with KSRA policies, applicable laws, and regulations, and the accuracy of our business activities and records.

1. Procedures shall be in place to ensure that funds will be used to achieve KSRA's objectives.
2. The treasurer shall provide written reports to the Board of Directors at their meetings and at the discretion of the KSRA President.
3. The treasurer shall provide a written report to the KSRA Delegates at the Annual Meeting.
4. The Budget Committee, chaired by the KSRA President, shall prepare an annual operating budget.
5. There should be separate conference and operating accounting.
6. A Finance Committee will regularly review KSRA policies and procedures related to financial management and planning.
7. A KSRA Conference Chair shall provide a written report of conference finances and applicable documentation as needed to the President and/or Board of Directors upon request.
8. All KSRA officers and affiliated service providers shall be apprised of fiscal policies and procedures appropriate to their positions.

III. Budget Adoption

The adoption of the annual budget by the KSRA Board of Directors shall be considered as approval for the funding of each line item up to the amount listed. The budget shall be presented for discussion at a meeting of the Board of Directors prior to meeting at which time the budget is adopted.

All committees and officers shall operate within the funds allocated during each fiscal year. The President and Treasurer shall monitor the budget and must give their approval for over-expenditures that exceed 10%.

The Treasurer shall submit to the KSRA Executive Committee at each of their regularly scheduled meetings, a financial report comparing the approved budget vs. actual expenses incurred through the end of the month preceding the Board meeting.

IV. Expenditure Authorization

The President shall authorize expenditures from contingency up to \$5,000. The expenditures shall be reported to the Executive Committee at the regular meeting following approval and disbursement of funds. Any single expenditure from contingency above that amount must first be reported to the Executive Committee and approved by the Board.

The Treasurer and Assistant Treasurer must co-sign all disbursements from the general fund. In the case of emergency or other special situations, the IRA Coordinator shall be authorized to co-sign disbursements from the general fund.

V. Fiscal Policies and Procedures Assistance

Assistance in the interpretation, explanation, or refinement of fiscal policies and procedures may be obtained from the KSRA President or the KSRA Treasurer.

VI. Approval of Expenses

Expenses of all members of the Board of Directors not specifically budgeted or covered in specific financial policies shall be approved by the KSRA President and reported to the Executive Committee at its next scheduled meeting.

VII. Fiscal Policy Committee

The purpose of the Fiscal Policy Committee shall be:

1. To regularly review the policies and procedures of KSRA related to financial management and planning.
2. To regularly review the financial policies and procedures of the KSRA Conference Advisory Committee and make recommendations when deemed necessary.
3. To review and revise as necessary any engagement agreements for contractual work and all policies associated with such positions.

Structure of the Fiscal Policy Committee

The Fiscal Policy Committee shall be comprised of the KSRA Treasurer (to serve as committee chair), Assistant Treasurer, President, IRA Coordinator, Past President, President Elect, and one Regional Director (on a rotating basis). The

regional director shall be appointed by the KSRA President for a 3 year term on this committee.

#### Reporting

The Fiscal Policy Committee shall meet yearly and report on its meeting to the Executive Committee (June Meeting).

### VIII. Local Councils

The strength of KSRA is situated on the foundation of strong local and special interest councils. KSRA is committed to assisting local and special interest councils in establishing sound fiscal practices. However, KSRA will not assume liability for debts of a local council or special interest council.

#### A. Membership

1. Membership forms for both KSRA and local/special interest councils are processed by the Administrative Secretary on a monthly basis. A Master List of the memberships received is completed by the Secretary and is sent to the KSRA Treasurer, the President and Membership Chair of each local and special council, the KSRA President, the IRA Coordinator, and the KSRA Membership Chair on a monthly basis. The Administrative Secretary sends all of the checks that are received for membership to the KSRA Treasurer for deposit. The Secretary also computes the amount of dues that is to be sent to each council and the amount to be retained by KSRA. The dues for each council are sent on a quarterly basis to the Treasurer of the local council or special interest council by the KSRA Treasurer.
2. Membership dues for both KSRA and its local/special interest councils are established by the KSRA Board of Directors.
3. Local/special interest councils are responsible for submitting KSRA's portion of membership fees for all membership promotions outside the normal fee structure unless previously approved by the KSRA Board of Directors.

#### B. Financial and Legal Responsibilities of Local and Special Interest Councils

1. The KSRA budget is prepared annually to maintain fiscal accountability. Budget policies are found in Section 5 of the KSRA Reference Manual.
2. Local/special interest councils are strongly encouraged to regularly provide KSRA with information on the location and account numbers of council funds for the purpose of ensuring continuity in the event of unforeseen circumstances within the local/special interest council. An annual revenue report is due to KSRA on September 30<sup>th</sup> of each year and is kept on file by the IRA Coordinator. This policy ensures the financial investment of the local/special interest council and in no way reflects a

financial accountability to KSRA or interest in the part of KSRA in the finances of the local/special interest council.

3. Local councils and special interest councils must file a return with the Internal Revenue Service on a yearly basis. Most councils will file a 990-N (e-Postcard) if the annual gross receipts are \$50,000 or less for tax years ending on or after December 31, 2010. The e-Postcard is due by the 15<sup>th</sup> day of the 5<sup>th</sup> month after the close of the tax year. If the council fails to file the required information return for three consecutive years, it will automatically lose its tax exempt status.
4. KSRA and its affiliated councils are exempt from paying federal income taxes but not paying Pennsylvania sales tax. This means that sales taxes must be collected when items are sold and the taxes remitted to the Pennsylvania Department of Revenue. Each affiliated council of KSRA must obtain its own number from the Pennsylvania Department of Revenue to use when remitting sales tax. Forms will also have to be submitted to the Pennsylvania Department of Revenue in a timely manner. Financial penalties will be incurred by the council if the paperwork is not done as required. KSRA is not responsible for obtaining numbers for councils, for overseeing the paperwork, for the submissions of monies to the Pennsylvania Department of Revenue, or for paying any penalties that might be incurred by the council. KSRA and its affiliated councils are also required to pay sales tax on taxable items or services purchased.
5. KSRA provides financial assistance to local councils through a number of grants and awards. Councils are encouraged to take advantage of these opportunities.

IX. Committees/Commissions/Task Force

Committees, commissions, and task forces of KSRA receive their opening funds from the general fund budget. The allocation of KSRA funds to these groups is made for specific purposes, and is identified by categories in the KSRA budget or the budget of the KSRA Conference Committee.

A special task force line item account has been established to fund the expenses of groups formed during the year for special purposes. Upon the establishment of such special groups, the KSRA President and the KSRA Treasurer shall establish a special allocation for the new group from the task force account.

- A. Use of Allocated Funds – Funds allocated to committees, commissions, and task forces may only be used as specifically allocated by categories in their budgets. The KSRA President or KSRA Treasurer can authorize transfer of funds within categories of the budget.
- B. Maintenance of Accounts – The chairperson of each committee, commission, and task force shall maintain an accounting of the group's budget. The

chairperson shall provide periodic budget versus actual reports to the members of the committee.

- C. Future Funding – Chairpersons shall request funds for the operation of their groups in the next fiscal year by following procedures adopted by the Budget Committee.

- X. Association Conferences

Conference Chairpersons and Committees shall follow the guidelines established in the Conference Handbook.

- XI. Association Representation

A member who acts on behalf of KSRA upon the request and approval of the KSRA President shall be reimbursed for necessary expenses from the appropriate line item account.