



GENERAL OPERATING POLICIES

Policies

The Board is responsible for Volcano Art Center fiscal and operational oversight. The VAC policies and procedures provide a transparent system with accountability for the board and a clear segregation of duties.

Section 1: Conflict of Interest Policies

See attached conflict of interest policies

Section 2: Fiscal Policies

Transparency results in the financial condition of VAC being readily apparent to the board, with the internal mechanics of the financial processing clearly spelled out. Segregation of duties ensures that checks and balances are in place, such that no one person has excessive control over the VAC finances.

Section 2.01. Fiscal Year

Section 5.1. The fiscal year of the corporation shall be fixed by the board of directors and may be changed by the board whenever, in its judgment, the best interests of the corporation will be served thereby.

The fiscal year is October 1 through September 30.

Section 2.02. Required governmental filings

The following forms are required to be filed by the VAC:

- **Federal:** Form 990, Form 1099s.
- **State:** Monthly excise tax; annual excise tax reconciliation, Form 990 with Attorney General's office, DCCA annual registration, and Vendor Compliance certificates.

Section 2.03. Accounting

2.03.1. VAC follows generally accepted accounting procedures (GAAP) as described by the American Institute of Certified Public Accountants. Financial statements are prepared on the accrual basis of accounting. Under this method of accounting, revenue is recorded when earned, rather than when received, and expenses are recorded when incurred, rather than when paid.

2.03.02. The accounting and financial reporting information is maintained using a software package that meets AICPA guidelines, currently QuickBooks. The books for a given fiscal year are not closed until after the annual audit.

2.03.03. All income, expense, liabilities and assets are recorded in QuickBooks. All grants and restricted donations shall be tracked in separate accounting classes.



2.03.04. Invoices are first reviewed by the Accounting Manager, followed by check printing. Invoices and checks are then passed to the Executive Director for approval, as indicated by initialing. Checks are then forwarded to recipient. An exception to this is auto-paid bills, which may be initialed afterwards.

2.03.05. The Point of Sale (POS) system shall record all income, with exceptions made only where to do so is redundant (for example, Paypal, Square and Stripe accounts).

2.03.06. Petty cash: All withdrawals of petty cash must be signed for, and receipts are required for all petty cash expenses. A random audit of the petty cash will be conducted annually by the Board President and one other designee

Section 2.04. Banking

2.04.01. Bank accounts shall be opened or closed with board approval only, with such approval and changes recorded in the board minutes.

2.04.02. The Board shall designate, by motion, all authorized check signers for any bank accounts. Any changes in authorized signers shall be recorded in the board minutes.

2.04.03. The main bank account shall require only a single signer for checks of less than \$10K or two signers if over that amount?

2.04.04. Reserve bank accounts shall require two signatures for withdrawal. The designation of funds as “reserve” and the distribution of such funds is by board motion.

2.04.05. The Accounting Manager shall have access to all banking information, and be allowed to transfer funds between accounts online, but shall never be an authorized check signer for any bank account or be allowed to transfer funds to any external organization other than another VAC bank account.

2.05. Credit cards

2.05.01. Credit card accounts require board approval to open or close.

2.05.02. Credit card rebates or rewards shall be credited as income in the accounting system.

2.05.03. The daily charge limit on each credit card shall not exceed \$5K unless approved by a Board officer in advance.

2.06. Budget

The board shall approve an annual budget prior to the start of the fiscal year. Any additional expenses outside the scope of the budget shall be approved on a case-by-case via board motion. The budget may be revised at any time by a board vote.



2.07. Reports

2.07.01. The Treasurer or designee shall provide monthly financial statements to the VAC board, which include the following, at a minimum: Budget with year-to-date update, Balance Sheet, and Profit & Loss Statement. At each board meeting the board shall review these financials and vote on whether to accept them.

2.07.02. The annual financial report shall be provided to the board by the auditors.

2.07.03. Grant, Program and Event reports shall be provided as necessary.

2.07.04. Past reports shall be stored electronically and made readily available to board members.

2.08. Audit

There shall be an annual financial audit by an independent CPA firm, performed within three months of the end of the VAC fiscal year (September 30). The board vote what level of audit is needed for a given fiscal year.

2.09. Internal Controls

2.09.01. No check recipient or check originator may also be the signer of the check.

2.09.02. Bank deposits are prepared by Accounting Manager and, after review by the Director, are deposited by either the Director or a designee.

2.09.03. The Treasurer shall review bank statements monthly, taking a random sampling of expenses and comparing their associated bills.

2.10. Assets

The minimum threshold for classifying purchases as assets is \$5,000 for a single item with a useful life beyond one year.

2.11. Financial procedures

2.11.01 Accounts Payable

2.11.01.01. Credit card authorized users are the Director (or designee) and the Gallery Manager (or designee). All credit card transactions must be documented with receipts.

2.11.01.02. Consignment checks are paid no later than 15th of the month following the month of sale.

2.11.01.03. Vendor bills must be initialed with the Director's approval prior to issuance of payment. An exception to this is auto-paid bills, which may be initialed afterwards.

2.11.01.04. Stale checks: checks shall be imprinted with a 90-day limit, then credited back to VAC income if still uncashed after 180 days of issuance.



2.11.02. Accounts Receivable

2.11.02.01. All incoming checks and cash must be logged into the POS system.

2.11.02.02. No event expenses shall be paid directly from event income – i.e., all income must be deposited, and expenses paid via regular check.

2.11.02.03. Card services such as Paypal and Square are to have their accumulated balances transferred monthly into the main checking account.

2.12. Payroll

2.12.01. Hourly timesheets shall be reviewed by Gallery Manager and/or Director prior to input into the formal payroll processor’s system.

2.12.02. The payroll preliminary report shall be reviewed by both the Accounting Manager and the Director prior to approval.

Section 3. Books and Records Policies.

Section 3.1. The corporation shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, the board, and committees having any of the authority of the board of directors, and, shall keep at registered or principal office a record giving the names and addresses of the members. All books and records of the corporation may be inspected by any member, or member’s agent or attorney, for any proper purposes at any reasonable time. The board shall cause an audit of the records of the corporation to be made each year by a competent auditor.

Section 3.2. Board Minutes and Motions. The secretary shall keep minutes of all approved board meetings on file. The secretary shall also keep a spreadsheet with all approved board motions for easy review by the board or any member.