

## **Lexington Community Media Center, Inc.**

### **Policies of the Finance Committee**

By-Laws of the Corporation

The following is Section 4 of Lexington Community Media Center, Inc.(LCMC) By-Laws:

#### *Section 4. Finance Committee*

*The Finance Committee should be chaired by the Treasurer unless otherwise designated by the Board and in collaboration with the Executive Director, shall develop and recommend to the Board of Directors the annual operating budget and work plan for the organization; shall regularly monitor the Corporation's expenses and income; and shall recommend budget adjustments to the Board of Directors as needed.*

*The Finance Committee shall review the annual financial statements, approve annual audit reports, and recommend to the Board of Directors the selection of, and fees to be paid to the independent certified public accountant for the Corporation. It shall be the responsibility of the Finance committee to report to the Board of Directors whether the Corporation is meeting its projected budget; on the scope and adequacy of the annual audit and related fees; to continually monitor and report to the Board of Directors on the effectiveness and adequacy of the Corporation's internal accounting controls, and to include in that report its findings as to whether or not any errors, omissions, criticisms or recommendations contained in the management letter of the independent certified accountant, if one accompanies the annual audit, have been properly dealt with.*

In the spirit of the above, Management and the Finance Committee have instituted the following policies and procedures for the Corporation.

#### Board of Directors

LCMC shall comply with all laws and regulations.

Any LCMC Board member who has any financial involvement whatsoever with LCMC shall declare and make full disclosure of such dealings with LCMC. Any LCMC Board member who has any financial interest in, or any dealings with, a company which LCMC may do business, must disclose such relationship and abstain from any votes regarding such business.

No member of the Board of Directors, nor any LCMC staff person, may make use of LCMC equipment or facilities resulting in personal financial remuneration.

The Board of Directors shall adopt, and annually review, a comprehensive Conflict of Interest Policy.

## Finance Committee

The Finance Committee will establish strict internal controls over all LCMC financial dealings. Management shall implement and report on such controls.

Management will develop an Annual Budget for review and approval by the Finance Committee:

- Management shall present a “zero-based, balanced” budget for review;
- Management shall make every effort to involve other Board Committees in assigning budget amounts to relevant accounts;
- Management shall prepare both a Summary and a Detailed Annual Budget - the Detailed shall cover entire Master Chart of Accounts for Finance Committee review only, and, the Summary shall be presented for approval by the Board of Directors and placed in the Public File.

Recommendations for expenditures from any Board Committee that are within the Approved Annual Budget, need not be approved by the Finance Committee. However, Management shall make every effort to keep the Finance Committee and LCMC’s auditors aware of all substantive purchases.

Any expenditure exceeding \$5,000, or any substantial expenditure outside of the approved Annual Budget, shall require prior approval of the Finance Committee and the ratification of the Board of Directors. Monthly ratification of expenses at the Board meetings can be dispensed with.

## Day-to-Day Operations

Management will generate a detailed Master Chart of Accounts for the tracking of all LCMC payables and receivables.

The Executive Director of LCMC shall be covered by a \$50,000 fidelity bond.

LCMC shall secure a Line of Credit (LOC) in the amount of \$150,000 to provide a financial safety net for any unforeseen shortfalls in cash flow.

LCMC’s day-to-day financial operations shall be compiled in the office on the cash basis, utilizing commercially available bookkeeping software.

No transactions will be “back-dated” after the close of a quarter, without full disclosure.

Any LCMC check which is in excess of \$2,000 shall require at least 2 signatures.

A LexMedia credit card will be used for LexMedia purposes only and only as

absolutely necessary. A copy of monthly statement will be submitted as part of the Executive Director's monthly report to the Board.

Petty cash will be maintained in the office in an amount not to exceed \$100. The Petty Cash Account will be summarized quarterly with all receipts and disbursement forms attached. Disbursements will be debited to the appropriate accounts and the Petty Cash Account will net/net and remain at \$0.

Payroll will be maintained on a summary basis in separate files.

All bank accounts will be reconciled monthly and compiled in separate files including all canceled checks and deposit records.

All deposits will be tracked by maintaining copies of deposit slips, checks and bank deposit receipts.

#### Purchasing

Any item to be purchased by LCMC which exceeds \$500, including professional services, requires that Management investigate at least 3 different sources for such products or services and contract with the lowest responsible bid.

A Purchase Order System will be established:

- Copy of Purchase Order submitted to management by staff person making purchase, detailing vendor information, cost, delivery date, etc.;
- Upon delivery, items immediately inspected by purchaser, with packing list verified and submitted;
- Vendor Invoice compared to packing lists.

Copies of all Payables and Receivables documentation will be filed in alphabetical order and submitted for Audit review. Each fiscal year's documentation will be kept for five years.

Vendor invoices are paid upon receipt of item. Prepayment for any item will require approval of at least one member of Finance or Executive Committee.

Any product purchased by LCMC which exceeds \$1000 in value shall be capitalized.

#### Reporting

All donors will be listed and tracked. Every donor will receive thank you note

from Management. Donations over \$500 will be publicly acknowledged in all LCMC media for one year after receipt with the approval of the donor.

Any donation, grant or gift earmarked for a specific activity will be tracked and reported on in a separate Restricted Fund Account. Detailed follow-up, including evaluation, will be sent to all substantial donors.

Any grant with matching fund requirements will be brought to the attention of management, who in turn will bring it to the attention of the Finance Committee for approval.

LCMC's financial activities shall be reported to the Finance Committee Quarterly, in the form of Compilation Reports. Such Compilation Reports shall be on the accrual basis in conformance with GAAP and FASB provisions for non-profit corporations. After Finance Committee review, the Quarterly Compilation will be presented at a meeting of the Board of Directors for review and ratification.

On a quarterly basis, Management and LCMC's auditors shall provide the Finance Committee with a Cash Flow Analysis projected 15 months forward.

A Financial Audit will be conducted annually and presented to the Finance Committee for review. After Finance Committee review, the Audit will be presented at a meeting of the Board of Directors for review and ratification.

A copy of all quarterly financial Compilation Reports and Annual Financial Audits shall be maintained in the LCMC Public File.

Approved by a majority of the Board of Directors of LCMC at a regularly scheduled meeting of the Board, where a quorum was acting and present throughout this 23<sup>rd</sup> day of January, 2006.

A true copy attest:

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Maria Kieslich, Secretary

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Date

## **Amendments**

**CoI Policy adopted**

**Fidelity Bond \$50,000, not \$100,000**

**LoC \$150,000, not \$50,000**