07. FINANCIAL POLICY
Revised: September 2025

1. POLICY

The Lang Memorial Library is a nonprofit organization committed to protecting and using our assets to support our nonprofit mission. Proper financial practices are very important in doing this, since good practices help to prevent and detect errors and fraud. Good financial practices also assure our donors that we use their gifts for the purposes for which they were intended.

The Library recognizes the importance of carefully considering the risks associated with the various aspects of our financial operations, and has therefore established policies and procedures designed to minimize and manage those risks.

The Library reviews these policies and procedures regularly to consider whether the risks have changed. Such changes may include receipt of grant monies for the first time or receipt of grants with restrictions; a change in the laws regulating our nonprofit status; hiring of new employees; or a major change in our programs. If changes have occurred, risks will be re-evaluated and appropriate procedures will be adopted. The Library will consult with a professional if necessary to ensure that risks are being properly addressed.

2. INVESTMENT POLICY

2.1 Investment Classes. Library funds will be classified by expected time of use. Short-term funds are expected to be needed within 12 months. Long-term funds are funds that will not be needed within the next twelve months. Funds will also be classified by source as general, donor-restricted, grant-restricted, or Board-designated for a specific purpose.

2.2 Short Term Investments. The Treasurer is responsible for prudent investment of short term funds. The Treasurer may maintain a working balance of funds needed for annual operating costs in a non-interest bearing checking account. Amounts not needed immediately may be invested in money market funds, savings accounts or certificates of deposit of no more than one year's maturity.

2.3 Long Term Investments. The Library's guiding philosophy for investing long term funds is to choose a prudent and conservative portfolio consisting of high quality, diversified financial assets that will provide capital growth with some focus on income.

2.4 Government Funds. The Library receives funds annually from government sources such as school district tax levies, county grants and local library services aid. The Library's intent is to spend such funds within one year of receipt. The Treasurer is responsible for prudent management of these funds. Amounts not immediately needed may be invested in savings accounts, money market funds, or short term certificates of deposit.

2.5 Lang Charitable Trust Funds

2.5.1 The Library is a beneficiary of the Stewart B. and Blanche S. Lang Charitable Trust. Under the terms of the Trust, a portion of the Trust income is distributed to the Library for use in maintenance and repair of the Library.

2.5.2 Lang Trust funds not immediately needed to cover maintenance and repair costs may be retained in the Library's general operating account or transferred to short or long term investments based on anticipated needs. (See Attachment A).

2.6 Donor Contributions. The policy of the Library is to utilize donor contributions in a manner that will honor and maximize the benefit intended by the donor.

2.7 Board Designated Funds. The Board may elect to transfer certain funds, such as donor contributions, to a Board-designated long term investment fund. The Board must designate the purpose of the fund, and the Treasurer is responsible for managing such funds in accordance with the Board's instructions.

2.8 Pooling of Funds. Generally, monies from donor-restricted or board-designated funds shall be segregated by type of restriction. However, from time to time, it may be necessary to pool monies from different sources into a common investment. The Treasurer is responsible for maintaining records that show the allocation of the common investment by general, designated and restricted categories and by current and long-term categories.

3 ROLES AND RESPONSIBILITIES

3.1 The Board of Trustees has overall responsibility for exercising due diligence to ensure that the Library's finances are properly managed in compliance with governing regulations. The Board reviews the Library's Annual Report, generally due to Finger Lakes Library System by March 1st, and the annual Form 990, generally due to the Internal Revenue Service by April 15th.

3.2 The Director is responsible for processing bills; depositing funds; maintaining the daily ledger and supporting documents; and submitting activity reports and staff time sheets to the Treasurer. The Director is responsible for preparation of the Annual Report, with the support of the Treasurer. The Director also supports preparation of the annual budget and the annual IRS Form 990.

3.3 The Treasurer pays the Library's bills; performs or oversees the Library's bookkeeping; works with the Director to prepare the Library's annual budget; and ensures compliance with applicable regulatory and reporting requirements including the annual IRS Form 990, IRS Forms 1099 for independent contractors, and required payroll reports. The Treasurer also supports the Director in preparation of the Annual Report.

3.4 If the Treasurer is unavailable, the Secretary pays the Library's bills. In the event that both the Treasurer and Secretary are unavailable, the Vice President pays the Library's bills.

3.5 The Finance Committee oversees and reports to the Board regarding the Library's finances. The Committee reviews bank and investment statements, provides regular reports to the Board, and provides other financial support as needed.

3.6 Bank and investment accounts may only be opened or closed upon authorization by the Board of Trustees. The Treasurer, Secretary and Director are authorized signers on the Library's accounts. Account statements will be reviewed by the Treasurer and the Finance Committee.

4. BOOKKEEPING

4.1 The Library's bookkeeping functions will be carried out by one of the following methods:

- The Treasurer will perform the Library's bookkeeping functions; or
- The Board may elect to have the bookkeeping functions performed by an outside Bookkeeper. In this case the Treasurer will oversee the Bookkeeper's activities.

4.2 The Treasurer will submit the following monthly reports to the Finance Committee and Board:

- Statement of most recent month's income and expenses
- Statements of most recent month's income and expenses compared to budget and prior year
- Balance sheet as of the end of the most recent month

4.3 Bookkeeping records shall consist of a master file (QuickBooks database or equivalent) and a backup file copy. The master and backup files shall be kept at physically separate locations. The master file shall be kept current, and the backup file shall be updated at least once a month to match the master. The backup file should be stored on a data storage device (e.g., a USB flash drive, external hard drive, or equivalent).

5. ANNUAL BUDGETS

The Director and the Treasurer, in consultation with the Finance Committee, will prepare an Annual Budget for Board review and approval. The Library By-Laws require that (1) the Board approve a budget for the coming year by no later than the prior year's November meeting (Article IV-3), and (2) the Board approve any adjustments to the budget by a majority vote (Article V-1).

6. ANNUAL REPORTS

6.1 The Treasurer shall ensure that the required annual government reports of revenue and expenses (such as IRS Form 990) are submitted in a timely and accurate manner.

6.2 The Director shall ensure that the New York State Annual Report for Public and Association Libraries is submitted in a timely and accurate manner.

7. OPERATING PROCEDURES

7.1 RECEIPTS

7.1.1 Receipt of Checks. The Director opens all mail addressed to the organization. The Director makes a photocopy of all checks and provides the photocopies to the Treasurer. The Director endorses all checks by an endorsement stamp that provides that the check is "For Deposit Only."

7.1.2 Receipt of Cash. The Library staff records all cash received on the daily receipt ledger. The funds are placed in the cash drawer which is kept locked until the funds are deposited.

7.1.3 Deposit of Funds. The Director deposits funds received at the Library each month or more often if funds on hand exceed $100.00, and maintains deposit records on paper and in a computer file. All funds that the Library receives, whether cash or check, will be deposited intact into the appropriate bank account, with no monies removed to make payments or for other purposes.

7.1.4 Deposit Reporting. The Director provides a monthly deposit report to the Treasurer for reconciliation with the bank statement. Photocopies of the checks and deposit statement along with the deposit ticket and daily ledger should be stapled to the deposit report.

7.1.5 Patron Credit Card Payments. Patrons may pay Library fees (reimbursement for lost or damaged book or fee for overdue ILL item) using the Finger Lakes Library System on-line credit card payment option. Library staff members are not allowed to touch a patron's card, and can only offer to instruct the patron on the procedure. The Finger Lake Library System will reimburse the library for funds collected minus transaction fees.

7.1.6 Receipt of Donations. Monetary donations are entered on the daily ledger under the heading of "Other Donations." The entry should include the name and address of the donor and any restrictions or requests regarding the use of the money.

The Director will respond to each donation with a note thanking the donor, and the Treasurer will send a letter to the donor acknowledging the donation and providing a receipt for tax purposes. If items are donated, staff should not place a value on the items, only the number and type of item donated. (See also the Gifts section in the Library's Collection Development Policy).

7.2 PAYMENTS

7.2.1 All disbursements from the Library's funds will be made by check or credit card.

7.2.2 Invoices or bills should be obtained, reviewed and approved before payments are issued. Invoices should be reviewed for validity, completeness, accuracy, and satisfaction of all specified terms and conditions. Supporting documents such as purchase orders, work orders or contractor proposals should be referenced or attached to the invoice.

7.2.3 The Treasurer, the Secretary, and the Vice President are authorized to sign and issue payment checks for approved bills and invoices. Checks should not be signed by the same person who approved the bill or invoice.

7.2.4 Unused checks are stored in a locked location, and only the Director and the Treasurer have information about how to access them.

7.2.5 If a check is voided; the check will have "VOID" written in large letters in ink on the face and have the signature portion of the check torn out. Voided checks will be kept on file.

7.2.6 In the event that it is necessary to issue a duplicate check for checks in an amount over $20, the Secretary will order a stop payment at the bank on the original check.

7.2.7 In no event will blank checks be signed in advance. Checks will never be made out to Cash, Bearer or similar.

7.3 CASH ON HAND

The Director may maintain a locked cash drawer containing up to thirty five dollars ($35.00). This money is primarily for the purpose of making change when patrons pay in cash for copies or other services requiring a fee. This money is not to be used for purchases or other purposes.

7.4 RECONCILIATION

The Treasurer will reconcile each bank statement monthly, as follows:

7.4.1 Review all checks for correct signatures and number of signatures, and protest to the bank any incorrect signatures.

7.4.2 Ensure that the name of the payee and the check amount and date agree with the Library's accounting records; verify that whoever the check was made out to was the depositor of the check; and each check has a valid signature.

7.4.3 Compare the bank deposit records with the Library's accounting records to determine whether each deposit recorded in the accounting records agrees with the bank record.

7.4.4 Check the cash entries in the receipt book against the bank record of deposits to ensure that all cash was deposited.

7.4.5 Check whether the ending balance in the general ledger cash account agrees with the bank statement, after making the adjustments on the bank reconciliation form.

7.4.6 If any checks are outstanding over 90 days, take appropriate action.

7.5 EXPENSE REIMBURSEMENT

Employees, volunteers and trustees are entitled to reimbursement for authorized expenses incurred on behalf of the Library. To receive reimbursement, the following requirements must be met:

7.5.1 Reasonable documentation must be provided showing the date, amount and what the expense was for. Receipts must describe the purchase. Credit card receipts and store receipts that do not describe the purchase are not reasonable documentation.

7.5.2 The Library will reimburse personal car usage at the standard mileage rate established by the IRS. The organization will reimburse reasonable travel and meal expenses or the Board may elect to pay the standard per diem rate established by the IRS for business travel established.

7.5.3 Reimbursement requests and supporting documentation must be submitted to the Director within 45 days from the date the expense was incurred.

7.6 CREDIT CARD AND EFT TRANSACTIONS

7.6.1 The Library Board will determine whether there is a compelling need for the Library to obtain one or more business credit cards. If credit cards are needed, the Board will authorize specific individuals to utilize the card.

7.6.2 Authorized individuals shall only use the card for official purposes directly related to the needs of the organization. The card may not be used for personal purposes.

7.6.3 If an expense meets one or more of the following conditions, payment may be made by credit card or electronic funds transfer rather than by check:

- Legal or contractual requirements
- Expedited payment required
- Standard industry practice
- Guaranteed payment delivery requested
- Most cost-effective payment procedure

7.6.4 The credit card may also be used to purchase: DVDs, janitorial supplies, books, on-line purchases such as toner, library supplies, office supplies, and membership fees.

7.6.5 Prior Treasurer approval is required for credit card or EFT purchases of more than $500.

7.6.6 The following purchases are NOT allowed on the credit card:

- Personal purchases
- Cash advances or loans
- Payroll advances
- Purchased for other organizations

7.6.7 The Director will submit a list of all credit card purchases to the Treasurer each month. The list should include the date, name of the items, cost, and where the item was purchased and the budget category.

7.7 PAYROLL

7.7.1 It is the policy of the Library to pay employees for time worked in an accurate and timely manner, in accordance with applicable laws, and to maintain the required supporting documents and records.

7.7.2 The pay schedule is based on a bi-monthly pay period, between the 1^{st} day and the 15^{th} day of the month; and between the 16^{th} day and the last day of the month.

7.7.3 Time sheets must be maintained by the employees and submitted to the Director on the assigned date.

7.7.4 It is the responsibility of the Director to set staff work schedules, manage staff work hours, approve staff time sheets, and report them to the Treasurer.

7.7.5 The Treasurer or Director will report staff work hours to a designated payroll company, which will calculate wages and payroll deductions (e.g., federal and state income taxes, social security tax, disability insurance and Medicare tax) and issue payroll checks to staff.

The payroll company will also file required reports to the Federal and State Agencies (e.g., Federal Forms 941, W-2, W-3 and State forms NYS-45 and RS-87).

7.7.6 If a staff member is underpaid the correction will be made in the following payroll.

7.7.7 In the case of an overpayment, funds will be deducted from the following pay period or the staff member may return the extra funds within 30 days.

7.7.8 All payroll information is confidential and is kept in a locked cabinet.

7.8. CONTROL OF CONTRACTED WORK

7.8.1 Contracting for Library work is subject to competitive bidding as follows:

- Work costing up to $5,000 requires at least one contractor proposal
- Work costing from $5,001 to $10,000 requires at least two contractor proposals
- Work costing more than $10,000 requires at least three contractor proposals

7.8.2 The Board may deviate from these bidding requirements with sufficient documented justification.

7.8.3 The lowest cost proposal will not always be preferred. If the lowest cost proposal is not chosen, the reasons should be documented.

7.8.4 If sufficient funds are available in the approved facility maintenance budget, the Treasurer is authorized to approve work costing up to $2,000. All other contracted expenditures require full board approval.

7.8.5 In emergency situations where waiting for formal board approval could impact personnel safety or result in property damage, the President may authorize proceeding with the work pending subsequent board approval.

ATTACHMENT A: Lang Trust Letter dated July 10, 1995

Revision History:

Rev: 08/02/1999

Rev: 03/06/2006

Rev: 03/01/2007

Rev: 03/02/2009

Rev: 03/02/2011

Rev: 06/06/2016

Rev: 02/05/2018

Rev: 03/04/2019

Rev: 12/07/2020

Rev: 08/02/2021

Rev: 05/02/2022

Rev: 9/2/2025

FINANCIAL POLICIES & PROCEDURES: Attachment A

The Chase Manhattan Bank, N.A.
Syracuse Division, Trust Department
One Lincoln Center
P O. Box 4911
Syracuse, New York 13221-4911

CHASE

July 10, 1995

Steward B. Lange Memorial Library
Mrs. Dorothy Southard, Treasurer
P. O. Box 58, 2585 East Main Street
Cato, New York 13033

Re: B & S Lang Charitable Trust
Account No. 327000070

Dear Mrs. Southard:

In answer to your inquiry regarding accounting to the trustee for use of income from the above trust, there is no need to keep separate records or account to the trustee regarding expenditures. It was the Lang's intent that this income be added to general funds for the well being of the Library.

Please contact me if I can be of further assistance.

Sincerely,

Robert M. Snyder

Robert M. Snyder
Vice President and Managaer

RMS/db