



Arts Council of Greater Lansing

Financial Policies & Procedure Handbook

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Policy Statement

The Arts Council of Greater Lansing is committed to responsible financial management. The entire organization including the Board of Directors and staff will work together to make certain that all financial matters of the organization are addressed with care, integrity, and in the best interest of Arts Council of Greater Lansing.

The policy and procedural guidelines in this handbook are designed to:

1. Protect the assets of the Arts Council of Greater Lansing;
2. Ensure the maintenance of accurate records of the Arts Council of Greater Lansing's financial activities;
3. Provide a framework of operating standards and behavioral expectations; and,
4. Ensure compliance with federal, state, and local legal and reporting requirements.

The Executive Director of the Arts Council of Greater Lansing has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors. Exceptions to written policies may only be made with the prior approval of the Board of Directors. Changes or amendments to these policies may be approved by the Board of Directors at any time. A complete review of the policies shall be conducted every two years.

Every Board and Staff Member with financial related responsibility is expected to be familiar with and operate within the parameters of these policies and guidelines. Current job descriptions will be maintained for all employees, indicating financial duties and responsibilities.

Line of Authority

Board of Directors – have the authority to establish any policies it deems to be in the best interest of the organization within the parameters of the organization’s articles of incorporation, bylaws, or federal, state, and local law. The Board of Directors will establish the salary for the Executive Director.

Executive Director – has whatever authority as may be designated by the Board of Directors – usually has the authority to make spending decisions within the parameters of the approved budget; employ and terminate personnel; determine all other salary levels; create and amend operating procedures and controls; make decisions regarding the duties and accountabilities of personnel and delegation of decision-making authority; enter into contractual agreements within board designated parameters; make monthly reports to the Board of Directors and has the ability to delegate financial operations to additional staff.

Program Managers– has whatever authority as may be designated by the Executive Director – usually has the authority to make spending decisions within the parameters of the approved department or program budget subject to the approval of the Executive Director.

Bookkeeper – has whatever authority as may be designated by the Executive Director and outlined in these financial policies.

Administrative Assistant – has whatever authority as may be designated by the Executive Director and outlined in these financial policies.

Financial Controls and Operating Procedures

Accounting Method

It is the policy of the Arts Council of Greater Lansing to utilize the modified accrual basis of accounting that recognizes at year end, revenues when they have been earned and expenses when they have been incurred. The use of modified accrual basis accounting allows Arts Council of Greater Lansing to record and recognize prepaid expenses and prepaid or deferred income. In addition, revenue relating to the current year but not collected until the next year is reflected on the statement of financial position as accounts receivable, and on the statement of activities on the statement of financial position as accounts payable and on the statement of activities as expense.

Annual Budget and Monitoring

- Arts Council of Greater Lansing's program managers shall annually submit their program budgets to the Executive Director
- The Executive Director shall annually develop operating and capital budgets for the next fiscal year.
- These budgets shall be submitted at the September board meeting to the Board of Directors for adoption prior to the start of the fiscal year.
- The Executive Director is responsible for monitoring and maintaining the integrity of the budget.

Audit

- An examination of the Arts Council's financial statements shall be conducted in accordance with "generally accepted auditing standards" annually by an independent CPA qualified to express an opinion of the fairness of presentation of the organization's financial statements. The findings of this examination and any accompanying recommendations shall be presented to the Board of Directors. The final audit will be made available to the general public and on Arts Council of Greater Lansing's website.
- The Board of Directors may request quotations from qualified CPA firms to perform the organization's annual audit. Formal Board approval will be required prior to engagement of services. In addition to an annual audit, the auditing CPA will be responsible for the preparation of the IRS Forms and the Charitable Solicitation License.
- The Board of Directors may order a mid-year audit of the organization's finances when deemed necessary and/or whenever there is a change in personnel who have fiscal responsibilities.
- Best practice suggests that the Board of Directors shall solicit bids for new auditors every seven years.

Bank Reconciliations

- The bookkeeper shall maintain and verify all bank transactions, keeping a listing of all checks disbursed and all receipts deposited on a daily basis.
- On a monthly basis, the bookkeeper will reconcile the bank statements, and notify the Executive Director of any discrepancies. The Executive Director will resolve all discrepancies with the assistance of the bookkeeper, and the bank, if necessary.
- The bookkeeper will produce a list of all outstanding checks after 90 days. On all checks outstanding over 90 days, the Executive Director will take appropriate steps to remedy.

Billings and Receivables

- All rates for membership, services and program fees are established by the Executive Director and recommended to the Board of Directors for adoption.
- All billings for membership, services, or goods are approved in advanced by authorized personnel.
- The Administrative Assistant prepares all billings and invoices on a timely basis. A copy is submitted to the bookkeeper for input.
- The Executive Director initiates collection procedures on all invoices older than 45 days.

Borrowing

From time to time it may be necessary for Arts Council of Greater Lansing to borrow funds from outside sources to fund operations and expansion. This may be necessary because of the seasonality of income from fees, donations, and sales, and due to major expansions or revisions of Arts Council of Greater Lansing programs. Borrowing funds shall be done within the following guidelines:

- Borrowing shall be within approved limits as set by the Board of Directors
- The best available interest rates, in terms of borrowing shall be sought.
- The majority of borrowing will be done at short-term conditions due to the seasonal nature of income. Long-term borrowing will be done only if rates are favorable and beneficial to Arts Council of Greater Lansing over the short-term rates.
- Copies of Board approved investment related resolutions, applications, and specimen signatures of authorized individuals will be filed with each financial institution where Arts Council of Greater Lansing maintains an account.

Capital Expenditures

- Equipment and Furniture shall be defined as a capital expense with a unit cost of \$5,000 or more and a useful life of more than one year. Equipment costing more than \$5,000 will be capitalized. Equipment costing less than \$5,000 will be expensed.

- The Executive Director will maintain an inventory log, which shall provide a description of the item, date of purchase or acquisition, disposal dates and place, price or fair value of the item and its location. A copy of the purchase invoice should also be available and attached to the inventory log.
- A depreciation schedule shall be prepared by the bookkeeper annually for the audited financial statement.
- Whenever possible, the purchase of capital assets shall be funded through the use of accumulated cash. If sufficient cash is not available, the purchase can be financed, as approved by the Board of Directors.
- The Executive Director will notify the bookkeeper of any disposals of equipment.

Cash Disbursements

- The Executive Director has (a) expenditure approval up to the parameters set by the annual operating budget as approved by the Board, and (b) single signature authority up to and including \$5,000 with the exception of the Director's personal expense reimbursement items which must be approved by the President or the Treasurer. Checks for amounts between \$2,500 and \$5,000 will be scanned and forwarded for review to the Treasurer. The deliberate splitting of vouchers or invoices which have the sole purpose or effect of meeting the parameters of this authority is expressly prohibited.
- Expenditure requests will be initiated in writing and approved within specified authority by the Executive Director.
- Monthly expenditure reimbursement requests for Arts Council of Greater Lansing employees will be initiated in writing and approved within specified authority by the Executive Director.
- The Executive Director approves check requests after comparing to supporting documentation. The bookkeeper prints the pre-numbered checks only with approved requests. The unsigned check, support and request are presented to authorized check signers for their signatures.
- All disbursements, except petty cash, are made by check and are accompanied by substantiating documentation.
- All checks are pre-numbered, used in sequence and accounted for monthly.
- The checks print in three (3) parts:
 - The original and one voucher is sent out to payee.
 - The bottom voucher copy is attached to supporting documentation and filed numerically at the office of Arts Council of Greater Lansing.
- All voided checks must be defaced, marked "VOID" in large black lettering, and retained in numerical order with other non-voided checks.
- No checks may be written to "cash" or "bearer".
- Blank checks must be stored in a locked drawer, safe, or cabinet.
- The Executive Director is responsible for invoices being marked "PAID" once they have been.
- An "imprest" petty cash account is used. The amount of the petty cash account is \$50.

- Vouchers are required for all petty cash disbursements. The petty cash fund is reconciled (beginning amount less voucher amounts) before the fund is replenished. Checks are written to reimburse the petty cash account only after an approved check request has been presented.
- Blank checks may never be signed in advanced.

Cash Disbursement Process

- All invoices received are stamped with the date received by the Executive Director or Program Manager, and are coded by the Executive Director or Program Manager.
- The Executive Director then directs all date and coded invoices to the bookkeeper for payment.
- On a bi-weekly basis, the bookkeeper prepares all checks based on the invoices received for the approved expenditures, using pre-numbered checks in sequential order. The bookkeeper attaches the check voucher portion to the support documentation.
- The prepared checks, with support documentation (approved invoices, check requests), are forwarded to the Executive Director. The Executive Director reviews all checks and supporting documentation prior to signing checks. Any check for amounts over \$5,000 need a second signature. Checks for amounts over \$2,500 will be scanned and forwarded for review to the Treasurer. The Executive Director will be responsible for obtaining the second signature from an authorized signer.
- After the checks are signed, they are mailed to the appropriate vendor.
- The Executive Director will file a copy of the check voucher with supporting documentation attached, in numerical order by month.
- The bookkeeper will prepare a monthly cash disbursement journal within 10 days after the close of the month for verification by the Executive Director. This report will be forwarded with the monthly financial statements to the finance committee.

Cash Receipts

- All checks and cash receipts received through the mail and at Arts Council of Greater Lansing events are restrictively endorsed immediately "For Deposit Only". Information recorded includes: listing the date received, payor, payment method and check # if applicable, amount received and the account code. Verification of correct account number will be made by Executive Director. Deposits are made at a minimum on a bi-weekly basis.
- Xerox copies of all checks are made; one for the deposit file documentation and if necessary, one for source file documentation (i.e., loan files, grantor files, development, etc.)
- All cash receipts are recorded on pre-numbered duplicate receipts by an employee of the Arts Council depending on the program. Verification of receipt will be made by the Executive Director who will double check accuracy of Account number on pre-numbered receipts.

- All credit card receipts are recorded and processed immediately through our credit card processor. The bookkeeper will verify that credit cards have been processed and compare daily totals with the bank deposits on a monthly basis.
- The bookkeeper will be responsible for recording all cash/check/credit card deposits (amount, date received, account number, name, etc.) and preparing the deposit tickets.
- The Administrative Assistant will be responsible for making deposits at financial institutions.
- All receipts will be deposited intact. No disbursements will be made from cash or check receipts prior to deposit.
- Copies of all receipts and deposit tickets are given to the bookkeeper for verification who in turn makes the appropriate entries in approved accounting software.
- A copy of the deposit slip from the bank is compared and attached to the corresponding receipt copies and cash listing.
- The bookkeeper will prepare a monthly cash receipts journal within 10 days after the close of the month for verification by the Executive Director.

Chart of Accounts

- The Executive Director will develop and maintain an accurate chart of accounts.
- The Chart of Accounts is used to code receipts and disbursements to the proper accounts.
- Non-standard journal entries will be discussed with bookkeeper to ensure proper accounting treatment.

Check Signing

- The following individuals are designated as check signers: Executive Director, Treasurer of the Board and an additional board member. The Executive Director will be the primary check signer.
- Copies of Board resolutions and specimen signatures of authorized individuals will be filed with each financial institution where Arts Council of Greater Lansing maintains an account.
- Checks over \$5,000 will require two authorized signatures. Checks for amounts over \$2,500 will be scanned and forwarded for review to the Treasurer. Formal written sealed bids are required for purchases over \$5,000.

Computer Controls

- The bookkeeper is responsible for inputting the financial data into a computer system for generating financial reports. Only the bookkeeper, the Executive Director and the President and Treasurer will have access to the password required to log onto the system.
- Detailed printouts of cash receipts and cash disbursements are to be obtained on a monthly basis. The Executive Director is responsible for comparing the detailed printouts to source documents for accuracy.

- On a monthly basis, the bookkeeper will provide a trial balance to the Executive Director. A trial balance on the general ledger totals should be obtained and compared to detailed reports for accuracy of balances.

Contractors and Consultants

- Consideration will be made of internal capabilities to accomplish services before contracting for them.
- Written contracts that clearly define the scope of work, deliverables, and terms and conditions will be maintained for all contracts and consultant services.
- The qualifications of contractors and consultants and reasonableness of fees will be considered in the hiring process.
- The Board of Directors must approve audit and other significant contracts.
- Contracts over \$600 will receive an IRS MISC form by January 31st of each year, prepared by the bookkeeper.
- Three bids will be required for contractual services over \$5,000.

Credit Card Purchases

- It is recognized by the Board of Directors that the use of credit cards is, at times, the most efficient and effective method for organizational approved expenditures.
- Arts Council of Greater Lansing Executive Director and his/her designees are authorized to use a company credit card for association business only with zero cash advance option. Credit cards will have a maximum allowable limit of \$5,000 for the Executive Director. Other company credit cards will have the maximum allowable limit of \$2,500.
- The Executive Director is the only authorized staff member that is allowed to open business credit cards/accounts in the name of the Arts Council of Greater Lansing and which employees shall receive access for their use.
- The Executive Director will be responsible for credit card issuance and is responsible for accounting, monitoring, and retrieval and for the generally overseeing compliance with the credit card policy.
- The Arts Council of Greater Lansing will have the following open charge and/or credit cards at their disposal:
 - Staples
 - PNC
 - Gordon Food Service
 - DBI
 - Standard Electric
- Credit card spending limits for each staff member will be set by the Executive Director and cannot exceed an organizational maximum of \$5,000/month.
- All staff members are required to provide proper documentation for use of the credit card. Documentation will include charge and itemized sales receipts for each transaction and should include who was present (if meal related) and the business purpose and account code. All documentation for transactions shall be presented to the Executive Director for approval and will be reconciled with the

statement from the credit card provider. The Treasurer will review the Executive Director's credit card expenses quarterly.

- Any credit card issued under this policy may only be used for the purchase of goods or services as it relates to the official business of the Arts Council of Greater Lansing.
- A cardholder is responsible for the protection of the credit cards and its custody and shall immediately notify the Arts Council of Greater Lansing if the credit card is lost or stolen.
- The balance, including any interest due on an extension of credit under this policy shall be paid for within 30 days of the initial credit card statement date.
- Any unauthorized use of a credit card by an employee of the Arts Council of Greater Lansing may subject the employee to disciplinary measures including, but not limited to payment of the credit card invoice out of the employee's personal funds, loss of credit card privileges, suspension, termination, or other sanctions as deemed appropriate by the Executive Director.

Deferred Income and Expenses (Prepaid)

- The Arts Council of Greater Lansing recognizes deferred income and expenses (except grants payables and grant receivables) at the end of the fiscal year to keep its accounting accurate for each fiscal year.

Electronic Transactions

As allowed by the State of Michigan approved Act No. 738 of the Public Acts of 2002 authorizing the use of electronic transactions by designated officers of the local government, the Arts Council of Greater Lansing will be allowed to use electronic transactions to conduct business.

- The Executive Director shall be responsible for the establishment of the ACH (Automated Clearing House) agreements. The Executive Director shall notify the person responsible for approval and payment of those accounts to be paid by ACH or electronic transfers.
- Upon receipt of an invoice for payment for accounts paid by ACH, the person responsible for approval and payments all approve payment and notify the Executive Director of the date of deposit to the Arts Council of Greater Lansing's accounts. All invoices payable by ACH may be paid in that matter if deemed in the best interest of the Arts Council of Greater Lansing to avoid a late fee.
- For payment of State and Federal payroll taxes, the Executive Director shall initiate payment to the proper authority upon receipt of the information from the payroll processing firm.
- For deposits from state, county and/or federal authorities, and from third-party payment processors, eg. bank/vendors, the Executive Director shall obtain the amount of the deposit and send an invoice to the person responsible for accounting records.
- All invoices shall be held by the person charged with keeping records along with copies of payment advices.

Financial Institutions

- Copies of Board approved investment related resolutions, applications, and specimen signatures of authorized individuals will be filed with each financial institution where Arts Council of Greater Lansing maintains an account.

Financial Reporting and Statements –Monthly

- It is the policy of Arts Council of Greater Lansing to prepare monthly financial statements that will include the Statement of Financial Position and Statement of Activities compared to budget. Financial reports shall be presented to the Board of Directors at each of its meetings so that the approved operating budget can be used to monitor the financial affairs of the organization.
- The monthly financial statements are prepared by the bookkeeper.
- Monthly financial reports are provided to the Board of Directors within 30 days of the close of the period.

Fiscal Year

- The fiscal year for the organization shall be October 1 through September 30.

Grants and Contracts to the Arts Council

- The Director will carefully review each grant award and contract to ensure compliance with all financial and programmatic provisions. The Executive Director will maintain originals of all grants and contracts in a file.
- The Executive Director will prepare and maintain on a current basis a Grant/Contract Summary form for each grant or contract awarded to Arts Council of Greater Lansing. This form shall include the name, address, contact person, phone number, and email address for the funding organization; the time period applicable to expenditures; all significant covenants (such as bonding or liability insurance requirements) and restrictions on expenditures; all require financial and program report and due dates; and the chart of accounts line item for the revenue deposited.
- The Executive Director will insure that financial reports to funding sources are prepared as required.
- The Executive Director will review and approve all reports and applications to funding sources.
- It will be the responsibility of the Executive Director to insure that all financial reports are submitted on a timely basis.

Grants and Re-grants Issued to the Community

- The Executive Director, with the assistance of the Program Manager, will review and approve the grant criteria to insure that the grants are in compliance with the wishes of the Board of Directors and or the granting authority.
- The Executive Director, with the assistance of the Program Manager, will cause the criteria to be circulated to the potential applicants on a timely basis.
- The Program Manager will receive all grants to the Council through approved software that records date received on the application. General information regarding each grant application received will be recorded on a spreadsheet for the appropriate grant program. The spreadsheet will include name of organization, contact information, award amount requested, etc.
- The Program Manager will assemble qualified peer review panels to review grant applications for each grant program. Committee or panel members will be made up of appropriate arts and general members who will review all applicants and will assist in developing a funding plan according to the grant criteria and each funding agency.
- Panel review meetings will consist of panel members, the Program Manager and the Executive Director, when necessary. The Program Manager and Executive Director will act as ex-officio, and will facilitate the meetings, record panel comments and guide discussions on funding.
- The Executive Director, with assistance of the Program Manager, will be responsible for creating a synopsis and submitting a final funding plan to the Board of Directors for review and approval for the distribution of funds in accordance with each grantor's requirements.
- The Program Manager will provide each applicant with written notification regarding their approval or disapproval of grant funds and will note comments by the review panel to assist unsuccessful applicants in making future improvements to their grant requests.
- The Program Manager will be responsible for drawing up contracts with grant recipients. Each contract will be reviewed and signed by the Executive Director.
- Initial payments to grant recipients will be made upon receiving a signed original grant contract and any additional required documents, based on the grant program.
- Payments to be released will be submitted by the Program Manager and approved by the Executive Director, noting the appropriate account the funds should be disbursed from. No payments to re-grantees will be released until payments from the granting authority are received by the Arts Council.
- Payments made to the Arts Council from each granting authority will set up and recorded as restricted cash accounts, if required by the grantor. Accounting for payments received and disbursed will be reviewed by the Executive Director.
- Procedure for return of unused grant monies will be governed by each specific grant contract.
- The Executive Director will be responsible for reviewing the recipients and that the amounts are within the established criteria before authorizing the disbursement of the monies.
- The Program Manager, with review by the Executive Director, will be responsible to provide reports to each granting authority as required.

In-Kind Donations

- All In-kind donations of time and materials will be annually documented in the annual audit.
- In-kind donations of volunteer time will use the value of services that are documented annually by Independent Sector (a nonprofit organization that is recognized as the national resource for charities that annually estimates the value of a volunteer's time.)

Insurance

- Reasonable, adequate coverage will be maintained to safeguard the assets of the corporation. Such coverage will include property and liability, directors and officers, workers compensation, employee dishonesty and other insurance as deemed necessary.
- The Executive Director will carefully review all policies before renewal.
- The Executive Director will maintain insurance policies in files and will prepare and maintain an insurance register and copies of declaration pages for auditing purposes.
- Appropriate liquor liability insurance will be obtained whenever a one day liquor license is obtained.

Investment Policy

- A comprehensive Investment Policy has been written and adopted and is a stand-alone policy of the Arts Council of Greater Lansing.

Leases – Office and Equipment

- The Executive Director shall review leases prior to submission to the Board of Directors for approval.
- All leases, clearly delineating terms and conditions, will be approved by the Board of Directors and signed by the Executive Director.
- The Executive Director shall keep a copy of each lease on file.
- The bookkeeper will be notified of each lease and lease specifications, and will make proper general journal entries for same.

Mail

- All mail is opened by the Executive Director and distributed to individual staff members.

Payroll, Time Keeping, and Personnel Records

- All personnel salaries/wage rates are authorized by the Executive Director. All changes in employment are likewise authorized by the Executive Director based on the approved budget.

- The Executive Director maintains all personnel records. Personnel files are to be maintained at organizations' primary location for all employees for a minimum of seven years after the employee has been terminated and permanently if the employee participates in a retirement plan. Personnel files will include signed letter of agreement, approval of changes in compensation and benefits, an I-9 immigration form, withholding forms for taxes, deferred compensation, new employee form, resume/vitae, employee performance reviews, correspondence as well as beginning date of employment and termination date.
- Changes in payroll data (i.e. pay changes) are approved by the Executive Director before files are updated.
- An outside payroll processing firm will be used to process the payroll every other week. The Executive Director notifies the payroll service of any changes to the payroll master file. The Executive Director or designee communicates with the payroll service to authorize paycheck preparation and reviews the payroll register for proper processing of amounts. The Treasurer will receive a bi-weekly copy of the payroll records.
- The payroll service will prepare payroll checks for salaried and hourly employees, quarterly reports or payroll, FICA and Medicare liabilities and withholding, and year end W-2 and W-3 reports of annual salaries. The Executive Director distributes the W-2's to employees. In addition, the payroll service deposits the taxes with the appropriate government agencies.
- All employees are required to complete a bi-weekly time report which is used to measure time on the job and for salaried employees: personal leave and holiday usage. The Executive Director monitors the usage of leave time, and maintains the attendance records. On a bi-weekly basis, the Executive Director reviews and approves all time and attendance records for employees. The President of the Board reviews the time report for the Executive Director.
- Salaried and permanent part time staff must submit vacation requests for time off at least 10 days in advance.
- The bookkeeper is responsible for entering payroll reports into the accounting system.

Petty Cash Fund

- The petty cash fund is maintained on an imprest basis.
- The Executive Director will act as the custodian of the petty cash fund.
- Petty cash disbursements are limited to \$20 in amount.
- Any advances to employees from the petty cash fund must be authorized by the Executive Director.
- Any employee receiving petty cash must sign a petty cash voucher. The petty cash voucher must list the amount received, the purpose for which the cash is needed, and the date of purchase. In addition, receipts for goods/services must be attached to the check request as supporting documentation. All petty cash receipts used must be attached to the check request as supporting documentation.
- All checks for reimbursement of the petty cash fund must be made payable to the custodian of the petty cash fund.

- Periodically, the Executive Director will make surprise counts of the petty cash funds.
- The petty cash fund will be kept in secure location and will not exceed \$50.

Purchasing

- Petty cash purchases: Arts Council of Greater Lansing shall maintain a petty cash fund account in the amount of \$50 that can be utilized for purchases under \$20. The Executive Director shall have control over petty cash purchases.
- Purchases up to \$500: All staff may purchase up to \$500 for supplies and budgeted services without authorization. Formal bids are not required for these purchases, but every effort will be made to secure the best possible price.
- Purchases over \$500 but less than \$2,500: for purchases between \$500 and \$2,500, approval is required from the Executive Director for budgeted services or supplies. Staff will be responsible to ensure that all conditions and specifications of a contract, bid, or order have been satisfactorily fulfilled and will be responsible for timely follow-up of these purchases.
- Purchases over \$2,500 but less than \$5,000: Purchases between \$2,500 and \$5,000 will require only one signature but must be scanned and forwarded for review to the Treasurer or President.
- Purchase over \$5,000 will be required to obtain a second signature and to undergo a competitive bid process of at least 3 bids unless prior approval by the Director has been obtained in writing. Purchases over \$5,000 will not be fragmented or reduced to components of less than \$5,000 to avoid the bid process. All bid requests will contain clear specifications and will not contain features which unduly restrict competition. Staff will be responsible to ensure that all conditions and specifications of a contract, bid, or order have been satisfactory fulfilled and will be responsible for timely follow-up of these purchases.

Record Retention Schedule

- This Document Retention and Destruction Policy ("Policy") provides for the systematic review, retention, and destruction of documents received or created by the Arts Council of Greater Lansing. in connection with the transaction of Corporation business. This Policy covers all records and documents, regardless of physical form, contains guidelines for how long certain documents should be kept, and how records should be destroyed (unless under a legal hold). The Policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records, and to facilitate the Corporation's operations by promoting efficiency and freeing up valuable storage space.
- The Corporation follows the document retention procedures outlined below. Documents that are not listed, but are substantially similar to those listed in the schedule, will be retained for the appropriate length of time.

Corporate Records

Annual Reports to Secretary of State/Attn. General	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent
Bylaws	Permanent
Construction Documents	Permanent
Fixed Asset Records	Permanent
IRS Application for Tax-Exempt Status (Form 1023)	Permanent
IRS Determination Letter	Permanent
Contracts (after expiration)	3 years
Correspondence (general)	3 years

Accounting and Corporate Tax Records

Annual Audits and Financial Statements	Permanent
Depreciation Schedules	Permanent
IRS Form 990 Tax Returns	Permanent
General Ledgers	Permanent
Business Expense Records	3 years
IRS Forms W-2 and 1099	3 years
Journal Entries	3 years
Invoices	3 years
Petty Cash Vouchers	3 years
Cash Receipts	3 years
Credit Card Receipts	3 years

Bank Records

Check Registers	3 years
Bank Deposit Slips	3 years
Bank Statements and Reconciliation	3 years
Electronic Fund Transfer Documents	3 years

Payroll and Employment Tax Records

Payroll Registers	Permanent
State Unemployment Tax Records	Permanent
Earnings Records	3 years
Garnishment Records	3 years
Payroll Tax Returns	3 years
IRS Forms W-2	3 years

Employee Records

Employment and Termination Agreements	Permanent
Retirement & Pension Plan and Other Employee Benefit Plan	Permanent
Records Relating to Promotion, Demotion, or Discharge	3 years after termination
Accident Reports & Worker's Compensation Records	3 years
Salary Schedules	3 years

Employment Applications	immediately after hiring (hired employee application is retained in personnel file permanently)
I-9 Forms	3 years after termination
Time Cards	3 years

Donor and Grant Records

Donor Records and Acknowledgment Letters	3 years
Grant Applications and Contracts (submitted on behalf of organization)	3 years after completion
Grant Applications to others for Support	5 years

Legal, Insurance, and Safety Records

Appraisals	Permanent
Copyright Registrations	Permanent
Environmental Studies	Permanent
Insurance Policies	Permanent
Real Estate Documents	Permanent
Stock and Bond Records	Permanent
Trademark Registrations	Permanent
Leases	3 years after expiration
OSHA Documents	3 years
General Contracts	3 years after termination

- The Executive Director is responsible for the ongoing process of identifying records, that have met the required retention period, and overseeing their destruction. Destruction of financial, personnel-related, and other sensitive documents will be accomplished by shredding.
- Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.
- Failure to follow this Policy can result in possible civil and criminal sanctions against the Arts Council and possible disciplinary action against responsible individuals. The Executive Director and Board of Directors will periodically review these procedures with legal counsel and the Arts Council’s certified public accountant to ensure that they are in compliance with new or revised regulations.

Safeguarding Assets

- The Executive Director shall have primary responsibility for ensuring that proper Financial Management procedures are maintained and that the policies of the Board are carried out.
- The Board of Directors shall provide fiscal oversight in the safeguarding of the assets of the organization and shall have primary responsibilities for ensuring that all internal and external financial reports fairly present its financial condition.

- A proper filing system will be maintained for all financial records.
- Actual income and expenditures will be compared to the budget on a monthly basis.
- All excess cash will be kept in an interest bearing account.
- Bank statements are promptly reconciled on a monthly basis by the bookkeeper.
- Documents on all securities and fixed assets will be maintained.
- Employee dishonesty insurance coverage shall be maintained.

Sales Tax

- Employees will be responsible for ensuring NO sales taxes are paid on purchases as the Arts Council of Greater Lansing is an exempt organization.
- If employees pay sales tax on any purchases, sales tax will not be reimbursed for any reason.

Separation of Duties

- Financial duties and responsibilities must be separated so that no one employee has sole control over cash receipts, disbursements, payroll, reconciliation of bank accounts, etc.
- The check signer(s) must not be the person who writes checks or who does the bookkeeping.
- Bank statements are reconciled by someone other than the check signer or writer.
- Deposit documentation and reconciliations are prepared by a person other than the one recording the receipts.

Software

- Arts Council of Greater Lansing uses an independent third party vendor to process credit card payments.
- The bookkeeper will use an approved software program for accounting purposes.
- Software will not be depreciated.

Tax Reporting

- The Board of Directors will authorize preparation of Form 990 and the License to Solicit for the State of Michigan. The Board of Directors will also authorize the Executive Director and/or an appropriate officer of the Arts Council to sign these documents
- Copies of the above tax and licensing reports will be filed in the Executive Director's files and available for public inspection and/or copying.

Travel

- Reimbursement for travel will be based upon current Travel Policies as approved by the Arts Council of Greater Lansing Board of Directors based on the State of

Michigan guidelines. Allowable reimbursement includes lodging, transportation, parking, and meals.

- Each employee will complete an expense reimbursement form on a monthly basis if appropriate.