

# Midwest Burners Association Financial Policy

## INTRODUCTION

The Midwest Burner's Association is a non-profit public charity organization devoted to the principles of the Burning Man Organization. We currently enjoy a tax-exempt status, and maintaining that status requires that we adopt certain uniform practices and standards regarding our financial activity. We must make sure that

Every part of the organization engages primarily in activities that advance our tax-exempt purposes set forth in our Articles of Association;

A substantial part of activities conducted in our name and with our funds are in support of an exempt purpose;

Our earnings, in whole or in part, are not used to the benefit of private individuals or organizations; and

We serve a public, not a private, purpose.

In order to accomplish this, a system of consistent financial procedures shall be followed by every entity maintaining Association assets. The term 'other entity' includes but is not limited to Board Members; Event Coordinators; Department Heads; and special deputies to Board.

This financial policy establishes basic accounting and financial management minimum requirements for every part of the organization.

## GENERAL

### Basis of Accounting and Board Powers

Accounting for Midwest Burner's Association shall be accrual accounting, and shall comply with IRS regulations for 501(c)(3) Public Charities; reporting standards and regulations established by the State of Kansas, GAAP, and FASB regulation pronouncements for Not-for-Profit Entities, and by any relevant terms established in the Regional Event Use Agreement between Midwest Burners Association and the Burning Man Organization.

The Association's Federal Employment Identification Number is 06-1737947.

The Fiscal Year of the Association shall be January 1 to December 31.

Midwest Burners' net income shall be used to accomplish the Association's purposes that are set out in Article Three in the Articles of Association.

Financial policy shall be updated as required. Updating the Financial Policy requires a 2/3 majority vote by the Board (no less than 5 of 7 supporting). Amendments of Financial Policy shall be published within 30 days, and become active upon publication.

Midwest Burners shall not use its net income to personally benefit any of its members, trustees, officers, or other private persons except to compensate them for services and to make payments that further this Association's purposes.

All property of the Association shall be held in the Association's name, and no person shall claim any interest in the property.

When this Association disbands, the assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code. The assets may also be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a Court of Competent Jurisdiction of the county in which the principal office of the Association is then located, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

### **Funds and Programs**

Midwest Burners establishes a General Fund from which to deposit and disburse money for administrative expenses and to fund its programs and reserves. The Association shall maintain an operating fund balance position that is adequate to meet the Association's needs and challenges. To do so, the Association shall maintain an amount committed to working capital of at least ten percent (10%) of the prior fiscal year's General Fund balance, and a Reserve Fund balance of at least thirty percent (30.0%).

Midwest Burners Association shall maintain one Fund for its primary program mission, and one for each of its Program purposes. Accounting records must support segregation of funds by Program purpose.

### **Programs**

The Board will fund these Programs annually as part of the Budget process.

1 – Experiment with the Concept of Community – This is the primary mission of the Association. All activities related to the gathering of the Regional Burning Man Community in the Midwest, including Burn administration.

2 – Promoting the Arts – Funding artists' endeavors by providing grant money annually.

3 – Community Outreach – Funding leadership opportunities and Community Outreach in regional communities.

When establishing Programs for special purpose/dedicated funds, a primary and secondary purpose, and expiration date for inactivity, shall be established by the Board. Funds raised shall be used for the primary purpose first. If it is not possible to fulfill the primary purpose or if there are residual funds, the funds shall be directed to the secondary purpose. The final destination for all special purpose funds shall be the General Fund (Program One).

### **Reserves**

Reserves shall be held in an interest short-term, interest bearing account such as a savings or money market account, and separate from operation accounts.

Reserve funding is to only be used for the dedicated purpose authorized by the Board.

In the event of a catastrophic loss, the Financial Committee as a whole, must unanimously approve release of the funding.

Interest earned on the reserve account shall be rolled back into that account, increasing the amount of that reserve up to 5.0% of the base principle.

Within 90 days of the Reserve interest breaching the 5.0% threshold, the Board Financial Committee shall review the current environment to determine any adjustment to current financial planning. The Board shall act with prudence on how to reallocate the interest.

The amount and nature of reserves shall be reviewed annually by the Board in November, prior to the Budget being drafted for the subsequent Fiscal Year. At this time, funding may be reallocated with due consideration of the needs of the Association for the upcoming fiscal year. Funds are restricted at the time of the Board approval of the Budget in January.

Operating Reserve – Sufficient reserves must exist to fund any outstanding liabilities. It is recommended to maintain sufficient cash reserves to continue normal operations after a total loss of advance expenses for one major event of the type it typically runs. To this end, An Operating Reserve shall be maintained of no less than thirty-percent (30.0%) or \$30,000 for emergency contingents.

Regional Development Reserve – To fund large-scale or long-term plan for regionally beneficial projects, this Reserve is established under Program 3. The balance of this Reserve shall not exceed \$10,000 and must support the Association’s strategic plan.

### **Financial Management**

No one person may be responsible for all aspects of the financial management of any asset held in the name of Midwest Burners Association. These responsibilities include writing checks, reconciling financial statements; and authorizing the disbursement of funds.

The Board Officers directed to conduct financial business for the Association are the Treasurer and the Accountant.

All Board Members shall submit government issued identification to the Board prior to accepting office. All Board candidates shall have attained the age of 18 of age prior to election to the office.

No Board Member has the power to authorize disbursements that do not support the Association's tax exempt purpose. If the reasonableness of any expense is uncertain, the Accountant, Treasurer, and/or Legal officer must be consulted prior to any commitment.

The Treasurer is the designated person responsible for conducting financial transactions; and the Accountant is responsible for reconciliation and reporting the Association's annual budget and financial statements.

**Duties of the Treasurer**

- Receive and disburse money
- Signatory on bank account; savings account; and PayPal accounts
- Maintains ledger of all deposits, transfers, and expenditures and provides monthly activity to Accountant
- Makes deposits on a timely basis
- Receives receipts/documentation of purchases
- Works with Event Coordinators to directly pay specific event expenses; processes budgetary advances and reimbursement disbursements for event expenses
- Tracks' spending as it occurs to make sure events are on budget
- Distributes payments to art/community outreach grant recipients
- Maintain the listing of the Association's Fixed Assets

**Duties of the Accountant**

- Responsible for year-round accounting for the organization
- Files annual 990, 1099s, and other tax forms with IRS
- Designated by the Association with Power of Attorney to speak to the IRS on all matters
- Reconciles all accounts using primary source documents
- Creates periodic (quarterly and annual) financial statements for the Board and the Community
- Backs up accounting files on a shared file storage site
- Recommends financial policy to board
- Makes prudent reserve and budget recommendations
- Works with professional accountant when necessary
- Has no access/ability to disperse or receive funds

**Finance Committee**

The Finance Committee is an Executive Committee of the Board comprised of the President, Accountant, and one additional Board Member. The remaining four Board Members may appoint a representative to the Committee as they desire.

The Finance Committee for a Burn event is comprised of three Event Coordinators authorized and appointed by the Board and shall assume each the rolls of Comptroller, Clerk, and Volunteer Coordinator for that Burn. The Comptroller shall be the Lead E.C., and shall authorize all expenditures.

The duty of the Committee is to review and recommend financial action to the Board as a whole, and the oversight responsibility for presenting the annual budget for the Association; formally submitting such to the Board of Directors as a whole to approve; and monitoring the budget throughout its lifecycle.

The Committee has the authority to make budget changes to an established budget in one of two ways.

It may reallocate funds as budgeted within the approved Budget; or

If additional expenditures are required, the Committee may offset reallocation to the new expense.

Budget changes made by the Committee in either way do not require full Board approval.

The Finance Committee may also serve as the Audit Committee, or in such oversight capacity in Business or financial matters as are pertinent to the Association's operations.

## **BUDGETS**

### **General**

The Budget shall set the example of the goals values of the Association for strategic action in the upcoming year.

The Budget incorporates the Association's spending for the upcoming year; and shall incorporate any increase/decrease as warranted, or any allocations established by the Board.

The Board shall approve in advance all expenditures via budget documents. The Board may delegate this authority to the Financial Committee for the Budget Year.

Money outside any established budget shall be disbursed only with the assent of Board.

Emergency situations are expended on an as-needed basis.

Expenditure from the Budgeted Contingency Account shall be approved by the Board's Financial Committee prior to payment by the Association.

Budget Increases beyond the delegated authority limit must be approved by the Board as a whole.

The Treasurer shall disburse budgeted monies to any person authorized under Board appointment to receive such funds. All disbursements shall be reported to the Accountant upon request.

### **Budgetary Cycle – the Association**

The budget shall be developed and prepared by the Accountant; approved by the Finance Committee; and is submitted for consideration at the November Board meeting. It is recommended that the Budget Preparer work with the leadership of the Burn group to discuss the budget prior to submission.

Budgets shall be approved by the Board in the January meeting. A vote to accept the Budget for the upcoming year can only carry with a majority vote of the Board as a Whole.

Once approved, the Finance Committee has the authority to make ad hoc budget changes per that Committee's authority.

### **Budgetary Cycle – Burns**

**16 Weeks Prior** to the Burn – The Association releases the Operating Budget for each Burn to the Burn's E.C. no later than this date. At this time, the Budget is considered "Open for Amendment" and may be amended by the Finance Committee.

**12 Weeks Prior** to the Burn – The Board authorizes ticket sale to begin.

**4 Weeks Prior** to the Burn – The Budget is considered "Approved/Closed" and no further changes may be made.

**2 Weeks Prior** to the Burn – Ticket Sales are Ended.

**1 Week Prior** to the Burn – Ticket Transfers are Ended.

#### **0 Burn Date**

**2 Weeks After** the Burn – All revenue from the Burn must be deposited. All expenditures must be paid and reimbursements made.

**4 Weeks After** the Burn - The E.C. must have the AfterBurn report and full financial accounting and reporting submitted to the Board.

### **Mandated Budgetary Spending**

Budgetary allocations are established for Program and Departmental spending.

The Board may reallocate percentages annually, in conjunction with the Budget Process at the January Board Meeting.

Expenses presented as a percent of ticket sales and are allocated as follows.

**Administrative Expenses – 3%** - [*General Fund*] Includes office supplies, postage, or other administrative overhead for the Association as an entity. Administrative costs for each Burn event are included in Program 1 Funding. If not expended, this money shall close to the General Fund.

**Association Expenses – 5%** - [*Program 1*] Shall be retained by the Association to offset shared event expenses. If not expended, this money shall close to the General Fund.

**Mission (Burn) Expenses – 57%** - [*Program 1*] All direct revenue acquired and expenses incurred as allocated by Program/Department from the Burn events. Program money is retained by the Program.

**Regional Development – 5%** - [*Program 3*] Ten percent of revenue from ticket sales of each Midwest Burners event shall be retained by the Association to fund expenditures related to the mission of the Association.

**Art Grants – 25%** - [*Program 2*] Funding for Art Grants. Program money is retained by the Program.

**Community Outreach – 5%** - [*Program 3*] Funding for Community Service Programs. Program money is retained by the Program.

With the recognition of any gain in revenue from the year's activity, the Board shall annually consider a donation to the Burning Man Project or one of its subsidiaries.

### **Budgets for Burns**

Budgets for Burns are set at the revenue amount based on projected ticket sales from the prior year's attendance.

Budgetary expenditures for Burns are allocated based on the median percentage of expenditure by account from the prior fiscal year.

The E.C. must demonstrate to the Board any additional spending is justified, and how additional revenue shall be created to balance the budget (if required), to the Board by the time the preliminary budget is due.

Once a preliminary budget has been accepted, leads and EC's may submit requests for reimbursement. Any significant changes in expenses or projections shall be submitted to the Board for approval. Preliminary Budgets may be revised/amended by Finance Committee at the recommendation of the current year's E.C. to account for adjustments to changes in ticket prices; ticket sales; ticket cap (if any); art grant allotment; and any new or adjustments in departmental or shared spending.

The Board shall review the amended budget and with due cause may make changes in ticket prices; additions or subtractions to proposed expenses; or to program grant allotments as it feels warranted. Upon review, the Board shall vote to accept or reject the budget as amended.

Effigies may be funded as part of a departmental budget, or as a grant from Midwest Burners.

The E.C. for the Burn shall provide the Budget spreadsheet for specific Departments to each Department Lead.

## **FUNDING**

### **General**

Association funds may not be used to reimburse expenses for events or meetings closed to the general Community unless the events or meetings have a business agenda which requires limited attendance, such as Board meetings, and event planning meetings.

All net revenue from any Event sponsored by Midwest Burners Association and Sanctioned by Burning Man Organization as an Official Regional Burn, shall be used to produce another Official Burn Event (if authorized in writing by Burning Man), or otherwise used to uphold and manifest the values described in Burning Man's Ten Principles, through art and culture, education, civic engagement, and human services.

All funds shall be managed through a bank account or other financial institution. Under no circumstances may Association funds be transacted through private/personal accounts.

There shall be no co-mingling of Association funds with the funds of any individual or business.

The Association Treasurer shall be a signatory on any demand/deposit account owned by the Association. The Board may require two signatory Officers on certain demand/deposit accounts.

Any individual who is a signatory on a demand deposit account shall not draft a check from that account in payable to the same individual.

Disbursement controls shall be implemented that are sufficient to discourage misappropriation of funds, and to reveal any attempted misappropriation promptly.

Transaction of funds shall be made by direct pay as invoiced; by advance; or as a reimbursement.

A valid IRS W-9 form, "Request for Taxpayer Identification Number and Certification," is required from a payee (vendor or grant recipient) prior to any payment made when the payment amount is greater than \$300.00, or it is possible that multiple payments shall be made to the vendor in a calendar year.

All checks issued and not negotiated after 90 days shall be voided. Re-issues shall be charged a \$25.00 fee to cover the cost of re-issue.

Money designated as temporarily reserved for Grant Programs is transferred to those programs when the Board accepts the Association's Budget in January.

### **Fundraising**

Fundraising through activities is granted outside of Burn events, providing all participants are members of the Burn Community, and there is no exchange of goods or services.

Fundraising requires annual filing at the state level prior to any public fundraising activity in that state.

Receipts for contributions shall be provided by the Association for any single donation of \$75.00 or more; or for any amount on demand of the donor.

### **Funding Grant Programs**

Money donated to a specific fund may not be used for purposes outside that Fund.

Disbursements for Grant Programs must be made from that Program. If additional funding is required for grant purposes, the Budget must be amended by the Board's Financial Committee to transfer money to that Program.

Additional revenue donated for the specific purpose of Grant funding shall be held in that fund for the current year, and used to offset the amount to be funded to that Program in the subsequent year.

Donations earmarked for a purpose contrary to our tax-exempt status, or found untenable or undesirable by the potential recipient shall be declined.

The Association shall maintain a list of donors and donations received. Written receipt of any donation \$250.00 or greater is supplied by the Association. For donations less than \$250.00, the donor must request a receipt.



### **Enterprise Activities**

The Association may purchase and sell certain commodities (i.e., ice) to participants of the Community at a Burn event as an Enterprise Fund.

The Enterprise Fund is a revenue fund that provides goods for a fee that makes it self-supporting.

Revenue from the Budget may be advanced to the Fund to procure the initial investment of goods.

Revenue from the sale of enterprise fund is netted against the advance, and the profit/loss is recorded as revenue.

### **PayPal**

PayPal is the default and preferred form of reimbursement for Midwest Burners.

### **Controlling Cash Receipts**

Cash receipts shall include, but is not limited to, event income of all types, money collected from advertised fund raising endeavors, donations, money from the sale of goods purchased with Association funds.

Cash receipts of any type totaling more than \$50.00 must be deposited in the appropriate account no later than 14 calendar days after the receipt by the Treasurer. Cash receipts of any type less than this limit must be deposited in the appropriate account no later than 30 calendar days after the receipt. No incoming funds of any type are to be kept out of the appropriate account longer than these timeframes.

Undeposited revenue of any type shall not be used for refunds, reimbursements or expenses.

### **Controlling Reimbursements**

All purchases shall be made in accordance with this financial policy.

Midwest Burners Association F.E.I.N. shall only be presented as proof of tax-exempt status in the states the Association has filed to do business in.

Alcohol shall not be an authorized expense under any circumstances.

Every purchase with issued funds must be accompanied by an itemized receipt.

Receipts submitted for reimbursement shall indicate the Lead's Budget Title (Gate, Effigy, Infrastructure, etc.), the vendor, the date, total purchase, and items purchased in a legible manner, and must be provided to support all expenses for anyone requesting reimbursement.

Receipts for reimbursement, or a facsimile (photo, scanned image, etc.) thereof, should be sent to [treasurer@midwestburners.org](mailto:treasurer@midwestburners.org).

Purchases made without Board approval, or outside a budgetary department shall not be reimbursed by the Association.

All disbursements shall be made to an individual or business by signed checks, or PayPal payment. No disbursements are to be made by cash or transacted by another instrument.

Reimbursements shall be approved by the Board in advance, or as part of a departmental budget for a particular Burn event, and reimbursed upon proper receipt documentation.

Reimbursements shall be made within two weeks of the acquisition of an authorized expense, and upon presentment of appropriate receipts.

Budgetary purchases shall only be reimbursed when the following conditions are met.

- The receipt does not exceed the departmental budgetary limit.
- The receipt pertains to the department it is reimbursed to.
- The purchase is authorized by the department lead.
- The purchase does not conflict with other Association policy.
- The receipt legibly shows the vendor, date, items, and total costs purchased.
- The person requesting the reimbursement should include their full default name in the e-mail.

Checks shall be issued for reimbursement only upon request. Requests for checks must include the payee's mailing address.

An IRS Form W-9 shall be completed and submitted to the Accountant prior to any money being disbursed to an individual above \$300.00.

#### **Direct Pay Invoice**

Direct purchases shall be approved by the Board or their designate (i.e., E.C.) in advance, and paid directly to the vendor by the Treasurer upon receipt of the budgeted and authorized invoice.

#### **Advances**

Disbursements in advance of a purchase must come from a budgetary department, and shall be treated as due Midwest Burners until they are reconciled by submitted receipts/cash totaling the amount of the advance.

No advance will be greater than \$500.00 without first expending those funds.

Reconciliation of advances must occur no later than two weeks following the Burn date.

Approved budgetary amounts may be advanced upon Department lead authorization once the Preliminary Operating Budget is released to the E.C.

Once purchases have been completed, all remaining funds must be returned to Midwest Burners. All funds due within two weeks of the Burn event.

Remaining funds may be transferred to Midwest Burners via PayPal [midwestburners@paypal.com](mailto:midwestburners@paypal.com).

The individual who received the advance is responsible for accounting for the use of those funds.

Variances between the advancement and balance returned may be collected by the Association from the individual who was advanced the money.

Individuals receiving an advance but fail to fulfill their delegated agreement, or return unused funds to the Association within two weeks when requested, shall be sanctioned by the Board as appropriate.

### **Travel Expenses**

It is the policy of Midwest Burners Association to fund Agents of the Association for *reasonable* and *necessary* expenses incurred in connection with *approved* travel on behalf of the Association.

Travel expenses are reimbursed only to current entities of the Association who are in good standing, and travel being reimbursed must be in conjunction with furthering the Associations Mission, or conducting its business.

Travel policy is aligned with budgeting and reimbursement policy, and must comply with general expenditure policy.

Requests for travel reimbursement are made to the Board Accountant no less than 30 days prior to the event, and must be authorized by the Finance Committee prior to travel. Board Members may not approve their own funding.

### **Fixed Assets**

Fixed assets held by the Association (those that have a life longer than one year) are procured through the budget process; remain the property of Midwest Burners Association; and must be accounted for by the Event Coordinator and Treasurer at the end of the Burn's accounting period (30 days past the Burn date).

The Board Event Coordinator is responsible for the inventory and control of the Fixed Assets of the Association. A Quartermaster may be appointed to serve this function, but the Board position is ultimately responsible for care and upkeep of the Association's fixed assets.

### **GRANTS**

Grant funding shall be awarded as budgeted, and at the discretion Arts/Community Outreach Committee from each MWB event.

The Grant Committee shall make accounting of grants awarded, and present such report to the Accountant within 30 days of the Burn date.

Grant monies must NOT be used for personal expenses unrelated to the art project.

Only one grant by the shall be allotted to any project from any single MWB Burn event. Artists and interested parties are encouraged to raise supplemental funds as needed by hosting fundraisers, crowd sourcing and private donors.

Donations to the Arts/Community Outreach Grant Funds may be made year around.

Individuals who receive grant money but do not fulfill their obligations per agreement with the Association are required to return their money within 30 days of the event, or face sanction.

## RECONCILIATION AND REPORTING

Reconciliation between the Accounting ledger and each account maintained by the Association must be completed by the 10<sup>th</sup> of the subsequent period. Reconciliation includes, but is not limited to, money in checking, PayPal transactions, savings, and activity conducted with the current ticketing provider.

Members of the Financial Committee shall have immediate access to review all financial accounts. Such access limited to view, download and inquiry only, unless access is otherwise granted by their Office.

Monthly reconciliation documentation shall be forwarded to the President within ten business days of the end of the month for review.

Formal Association Reporting is completed quarterly according to the following schedule:

1st Quarter: Jan 1 – Mar 31	2nd Quarter: Apr 1 – Jun 30
3rd Quarter: Jul 1 – Sep 30	4th Quarter: Oct 1 – Dec 31

Official financial reports of the Association shall be presented at the Board Meeting for review following the end of the reporting quarter. The Accountant shall present the reports, and the Board shall review, accept, and pass these as official and finalized.

Financial reports shall include the Statement of Financial Position; the Statement of Activities; Cash Flow Statement; and Statement of Functional Expenses. The Budget vs. Actual for each Program Event; and the annual Form 990 IRS filing are also produced when periodic activity is closed.

The Statement of Activities shall include detail for each Program event.

The Association shall publish its financial reports and AfterBurn Reports no less than quarterly and annually on its official Website.

### AfterBurn Report

All Regional Burn events sponsored by Midwest Burners Association shall be submitted to Burning Man Organization for official sanction. If granted, the Agreement shall be between Midwest Burners and the Org.

The Event Coordinator Liaison is the Board Officer ultimately responsible for submitting all AfterBurn reports to the Board, and the approved reports to Burning Man Org.

Upon acceptance by the Board, the Regional Use Agreement shall be signed by the President.

The Burn E.C. shall ensure that the AfterBurn report is produced, and that all accounting for the Burn is completed within two weeks of the Burn.

The AfterBurn report shall be submitted to the Board no more than two days prior to the Board Meeting following the Burn date.

The Board shall review and approve the AfterBurn report prior to forwarding the original to Burning Man Organization Regional Contact for the state the Burn was held in.

Failure to report on time may result in the Organization pulling its sanction from the reporting Burn.

Midwest Burners shall provide the AfterBurn Report to Burning Man Organization within 30 days of the conclusion of the Burn.

The AfterBurn Report shall include the following information.

Name

Date

Location

Number of participants

General Summary description of the event

Departmental Summary of Operations

Summary highlighting Arts sponsored by the Association

Additional information may be provided as the Event Coordinator determines.

A Statement of Activities by Program (or Combined), comparing actual revenue and expenditures from the current Burn event, to the Budgeted and Prior Year's activities.

A statement from the Board President expressing the Board's oversight of the Burn event, and how any net revenue will be utilized

The Board may approve a donation annually as a percent of net revenue from all Midwestern Burners sanctioned events to go to Burning Man Organization to aid in funding the Regional Network; the Global Art Grants Program; Burners without Borders; or to any of its affiliated entities. Such donation is not mandatory, and should be part of the subsequent year's budget.

### **Tax Reporting**

Money disbursed by the Association greater than \$600.00 to any given person or non-corporate entity in a given calendar year requires IRS 1096 tax reporting.

IRS Form 1099-Misc shall be filed for any amount of \$600.00 for the Calendar Year.

IRS Form 990 Return of Organization Exempt from Income Tax; and IRS Form 1096 Annual Summary and Transmittal of U.S. Information Returns shall be completed by the Accountant and presented at the January Board meeting.

All IRS reporting authorized by the Board will be submitted annually, postmarked to the IRS no later than May 15 of the subsequent tax period.

## **FINANCIAL REVIEW**

The purpose of a formal review of books is to ensure that all appropriate policies and procedures are in place and followed by all parts of the Association, and to determine, document and monitor appropriate corrective action plans when gaps are found. A formal review of books is not a performance review for any financial officer, nor is it to be used as such.

A full review of all financial records must be performed by the Board when the Accounting officer changes, or every two years.

Reviews must be conducted by the President, Treasurer and witnessed by at least one additional Board Member.

The review shall include all activity since the most recent of: date of last formal review; date of last financial officer change; or back to January 1 three years prior, in order that at least two complete years of activity is included.

The following topics and files are to be reviewed.

- . Financial reports submitted
- . Burn or other activity reports completed
- Segregation of duties conducted as required by Financial Policy
- Bank accounts established and status (including signatory verification)
- Ledgers are maintained and bank account reconciliation is accurate
- Transaction documentation (deposits, receipts, advances and advance reconciliation) are supported
- Finance Committee meeting minutes and decisions outside Board Meetings support Board actions
- Financial policies in effect and adhered to
- Special purpose and dedicated funds are transacted per Association policy
- . Cash control procedures are transacted per Association policy
- Asset management procedures are transacted per Association policy
- Correspondence supports Association policy

## **Independent Audit**

Every three years at a minimum, a certified independent auditor shall be hired to certify Midwest Burners Financial Statements. The result of this examination is a report by the auditor, attesting to the fairness of presentation of the financial statements and related disclosures. The auditor's report must accompany the financial statements when they are issued to the intended recipients. The purpose of a financial statement audit is to add credibility to the reported financial position and performance of a business.

The audit should include, but not be limited to, planning and risk assessment; Internal controls testing; and typical Substantive procedure testing.

## **RECORDS RETENTION AND PRIVACY**

The Accountant shall maintain books and records of all financial activity.

Detailed records shall be maintained and receipts, disbursements, and contributions specifically itemized. Such records may be stored electronically. There must be at least one backup file/copy maintained off-site in an industry-accepted format. All records must be updated no less than monthly.

Internal records must be reconciled monthly to the transaction statements received from the financial institution. In no case shall reconciliation occur less than quarterly. The reconciliation must be signed by the preparer (in most cases, the Accountant) and the reviewer (in most cases, the President).

All financial records must be retained for at least seven years. These books and records, as well as all assets, bank statements, other correspondence and files of an official nature are the property of the Association. ALL documents must be turned over to the successor officer within 30 days after a person leaves office.

Financial Statements and IRS filings are to be maintained by the Association in the Board Book indefinitely.

IRS W-9 Request for Taxpayer Identification Number and Certification forms are to be securely maintained in a locked file cabinet, or under password protected file, and shall be maintained by the Accountant only.

W-9 forms shall be considered valid and retained by the Association for two years and then destroyed.

## **MISCELLANEOUS**

### **Statement of Internal Control**

Midwest Burners Association is committed to maintaining a system of internal controls sufficient both to safeguard the Association's assets and to assure that transactions are properly captured, summarized, categorized and reported. This handbook is not intended to describe the structure in place for the assurance of appropriate internal control, nor should it be considered a foundational document for the establishment of any internal control policies. All Association Officers have responsibility to assure that assets are properly utilized, protected and maintained both, to enhance the asset's useful lives and to conserve the financial resources of the Association.

### **Statement of Delinquency**

No person owing an amount of money more than \$50.00 to Midwest Burners Association for 60 days after official request for payment from the Board of Directors has been made, shall hold any official position on any level of Midwest Burners Association or with its affiliations. This suspension shall remain in effect until the money is repaid and forgiven by the Board of Directors or until such official mediation is resolved. The Board must state the suspension for such cause in its minutes.

### **Statement of Confidentiality and Transparency**

Substantiated in Midwest Burners Association By-Laws, Article X

Midwest Burners Association values transparency. Within this transparent framework, there occur situations where confidentiality is required. Midwest Burners requires Board members to maintain confidentiality, particularly in situations where there may be a conflict of interest.

Midwest Burner Board meetings are considered to be held under executive session, as confidentiality of conversations in our meetings is required. Sharing confidential information without the consent of the Board breaks confidentiality and undermines the duty to act as a deliberative body. Any person that participates in a Board Meeting, and then discloses what was discussed or decided without fore-given approval from the Board is violating confidentiality and subject to sanction.

While the specifics of the confidential conversations during executive session are not included in the public minutes, a general description of a motion and vote is included.

Other information we disclose to the community include the following.

- Articles of Association and By-Laws
- Board Policy
- Names of Board members and their @midwestburners.org e-mail address
- Financials (IRS Form 990)

If a Board member feels they have a conflict of interest and would have a difficult time maintaining confidentiality, the Board member may be required to recuse themselves from discussion, and/or abstain from voting on said item. If a Board member does not maintain confidentiality where there is a conflict of interest the Board may consider formal action.

**Adoption**

The Board of Midwest Burners Association formally adopts this Fiscal Policy to supersede all others, effective June 11, 2019.

President	Date
Accountant	Date
Legal	Date