

Illinois Library System Directors Organization Financial Policy

The Illinois Library System Directors Organization is a nonprofit 501(c)3 organization dedicated to the improvement of library services in Illinois.

Goal:

The goal of this policy is to ensure that Illinois Library System Directors Organization (ILSDO) has internal fiscal controls in place to provide reasonable assurances regarding:

- Effective and efficient operation,
- Reliable financial reporting,
- Compliance with applicable Illinois state and federal laws and regulations
- Compliance with the Internal Revenue Service and the Illinois Attorney General, and
- Compliance with the Bylaws and other policies of ILSDO.

Scope:

1 Financial Overview and Reporting

- 1.1 The fiscal year for ILSDO shall begin on July 1 and end on June 30.
- 1.2 The executive Board of ILSDO (President, Vice President, and Treasurer) shall prepare an annual budget for Board approval no later than the annual June meeting.
- 1.3 The Board of Directors shall adopt an annual budget prior to the beginning of each fiscal year. The accounting system shall provide the basis for comparison of actual expenditures to this budget. Any revisions to the budget shall be approved by the Board of Directors.
- 1.4 The funds, accounts, and descriptions of accounts shall be consistent with generally accepted accounting principles. There are three types of accounts maintained by ILSDO: an ILSDO operations fund, a Fund for Illinois Libraries fund (to receive and distribute donations to specific Illinois libraries), and an ILSDO personal fund.

- 1.5 Approval by the Board of Directors is necessary in order to spend funds or make financial commitments that have not been incorporated into the approved budget. Any amendments to the budget must also be approved by the Board of Directors. The only exception will be funds received as donations to the Fund for Illinois Libraries.
- 1.6 The Special Projects Coordinator prepares bi-monthly financial reports for the Board of Directors meetings.
- 1.7 Budgeted versus actual comparisons shall be included in financial reports submitted to the Board of Directors.
- 1.8 A Federal 990 form for the preceding fiscal year shall be filed with the Internal Revenue Service on or before November 15 following the end of the fiscal year. An AG990IL form shall accompany a copy of the federal form that is filed with the Illinois Attorney General no later than December 30 of each year.
- 1.9 When annual revenues are more than \$150,000 for a fiscal year, an independent audit shall be conducted. The audit shall be conducted in accordance with the most recent Government Auditing Standards and shall be filed along with the 990s at the Illinois Attorney General's office.

2 Control Environment

- 2.1 Meetings of the Board of Directors shall be held six times a year to review financial reports, discuss any governance issues, and to be advised of and/or discuss key operational information.
- 2.2 An annual audit for the preceding year shall be conducted by an independent certified public accountant when revenues reach \$150,000 or more. The Treasurer and the Special Projects Coordinator shall meet with the independent certified public accountant to discuss the annual audit and any material management findings.
- 2.3 All ILSDO Directors shall have some responsibility to ensure a well functioning financial system. However, responsibility for the financial reporting and controls, as well as ensuring a culture of integrity and ethics shall be delegated to the Treasurer.

- 2.4 The Treasurer and the Special Projects Coordinator are authorized to deposit receipts into ILSDO accounts. While both the Treasurer and the Special Projects Coordinator are authorized to write checks, in practice the Special Projects Coordinator prepares checks for the Treasurer's signature.
- 2.5 In order to ensure a clean and transparent audit trail, the Special Projects Coordinator is authorized to use the ILSDO debit card to secure lodging, pay travel expenses, and pay for authorized, budgeted items that would otherwise cause out-of-pocket expenses or require the Treasurer's Library System to request reimbursements.
- 2.6 The Treasurer reconciles all bank statements against the accounting software.
- 2.7 The Treasurer approves all budgeted requests/invoices for payment before checks are written. Unbudgeted requests for payment are approved by the Board as a whole before checks are written.
- 2.8 The ILSDO President shall annually appoint one Board member to review and acknowledge bank registers on a bi-monthly basis (at the regularly scheduled Board meetings). This internal "auditor" shall report to the ILSDO Board his or her findings.
- 2.9 Any violations or deviations from established policies shall be investigated, documented, and brought to the attention of the Board of Directors.

3 Control Activities

- 3.1 ILSDO will comply with all government regulations pertaining to nonprofit organizations.
- 3.2 Funds shall be maintained only in federally insured banking institutions. The ILSDO personal fund, which consists of money personally contributed by Illinois Library System Directors will be kept separate from the ILSDO Operations fund and the Fund for Illinois Libraries fund.
- 3.3 The Library System where the Special Coordinator works from shall be the official repository of all financial records. This includes financial reports

and information; original copies of all contracts, agreements, and memoranda of understanding; fixed asset information; and official files and information.

- 3.4 All income designated for ILSDO or the Fund for Illinois Libraries will be properly received, recorded, deposited in the designated account or accounts, and kept along with the financial records in a secure location. Any cash received must be properly and fully deposited.
- 3.5 It is the duty of the Treasurer to review the terms of any contributions and to identify any restrictions or conditions to ensure compliance.
- 3.6 The Library System where the Treasurer and Special Projects Coordinator work shall have appropriate data security and backup procedures in place and carried out in a consistent manner.
- 3.7 ILSDO shall follow-up on any recommendations made by the external auditors.

Annual Required Filing Reports

Before April 1 each year

NFP filed with the Department of Business Services, Secretary of State Jesse White. This must include a list of the names and addresses of the ILSDO officers and Board of Directors. ILSDO's file number is N 5593-132-1. There is a fee.

http://www.cyberdriveillinois.com/departments/business_services/publications_and_forms/nfp.html

By November 15 each year

Federal 990 filed with the Department of the Treasury, Internal Revenue Service. ILSDO's Federal Employer Identification Number (FEIN) is 37-1266451.

<http://www.irs.gov/formspubs/index.html?portlet=3>

By December 30 each year

AG 990 IL filed with the Illinois Attorney General's Office. This filing must include a copy of the Federal 990 and an official independent audit if the reported receipts total more than \$150,000 for the fiscal year. There is a filing fee.

http://www.illinoisattorneygeneral.gov/charities/register_report.html

If the registered address and the treasurer changes, notice must be filed with:

Charitable Trust Bureau
Office of the Illinois Attorney General
100 West Randolph Street
Chicago, IL 60601-3175

This may be done by letter which includes the new address, the ILSDO FEIN # 37-1266451, the ILSDO SOS Department of Business Services file number 5593-132-1, and the ILSDO AG CO (charitable organization) number 01039381.

It is also necessary to file a change of address/agent form with the Secretary of State, Department of Business Services using form NFP 105.10/105.20.

- A certified copy of the articles of incorporation must be requested from the Department of Business Services to file with the recorder of deeds in the county in which the "home" office is to be located. Also request certified copies of the NFP 105.10/105.20 to file in the county(s) necessary. There will be a charge for the certified copy.
- When the registered office is moved from one county to another, then ILSDO must file a certified copy of the filed change form (NFP 105.20/105.20 from the Department of Business Services) with the "old" county indicating that ILSDO no longer resides in that county. There will be a fee assessed by the "old" county.
- Additionally, when the registered office moves into a new county. Then ILSDO must file the certified copy of both the filed change form (NFP 105.10/105.20) and the articles of incorporation with the new county. There will be fees assessed by the new county.

ILSDO must also provide 1099 forms with the appropriate qualifying agencies/vendors.