

# Guidelines and Procedures for Financial Reporting

Approved on January 15, 2000; revised July 8, 2000

## **Scope**

This document prescribes the procedure for financial reporting within CALA. In addition to general finance-related information, it includes specific procedures for 1) the Treasurer and Treasurer's quarterly reports, 2) Budget, 3) Bank account and check processing, 4) the request form for fund appropriation or reimbursement, 5) special funds, and 6) the Finance Committee and its reports.

## **Fiscal and tax year**

CALA uses the calendar year (January 1 to December 31) as its fiscal year as well as its tax year for its accounting period. The Treasurer files the appropriate form stated below for its income tax return by May 15 of the year as needed.

## **Tax exempt status**

The Internal Revenue Service (IRS; website: [www.irs.gov](http://www.irs.gov)) issued an advance ruling on September 19, 1997 to recognize the Association as a nonprofit organization described in section 501(c)(3) of the Internal Revenue Code. The Association's Employer Identification Number (EIN) is 23-7417422. The ruling took effect retroactively on September 6, 1996, and will end on December 31, 2000. Within 90 days after December 31, 2000, the Treasurer shall submit, upon IRS request, a completed Form 8734 covering gross revenues statements from September 1996 to December 2000 in order to obtain the permanent status.

The Treasurer shall determine annually whether CALA is required to file Form 990 or Form 990-EZ, Return of Organization Exempt from Income Tax. Normally, when the gross receipts are not more than \$25,000, an organization needs not to file a return with the IRS. In determining whether CALA shall file Form 990 (or 990-EZ), the Treasurer shall include into calculation gross revenues reported by all Chapters which use CALA EIN for their bank accounts.

## **1. The Treasurer and Treasurer's Quarterly Reports**

The Treasurer is accountable to the Board regarding every aspect of the Association's finance. The Treasurer's quarterly reports shall consist of a) a financial transaction ledger, and b) a revenue and expense statement with items categorized in accordance with the categories used on the CALA Request Form for Fund Appropriation or Reimbursement. The Treasurer's annual report shall consist of the above two and c) a formal balance sheet.

1. Financial transaction ledger: It shows each and every transaction that occurs in an account. It lists in columns by date, check number, payee/payer, description, payment amount, clear, deposit amount, and balance. It is used to compare with the bank monthly statement to ensure that the two have exactly the same ending balance and to check off on the ledger all transactions that have been posted in the bank monthly statement. An example of financial transaction ledger is included in Appendix A.
2. Revenue and expense statement: It gives income and expense amounts arranged in categories within a particular period of time. An example of a revenue and expense statement is included in Appendix B.
3. Balance sheet: It shows the Association's financial status (i.e., asset and liability). It is called a balance sheet because the net total of assets shall always be exactly the same as that of liabilities. A balance sheet shall be done at the end of the financial reporting year. An example of a balance sheet is included in Appendix C.

The Treasurer shall submit treasurer's report on a quarterly basis (July/Aug./Sept., Oct./Nov./Dec., Jan./Feb./Mar., April/May/June) within 30 days after the quarter ends. Each quarterly report shall be submitted to the Finance Committee with copies to the Executive Committee.

Both the September and December quarterly reports shall be available for all Board members prior to the mid-winter meeting. December report (also called mid-winter report) shall cover all days in December to two weeks before the mid-winter meeting. Both the March and June reports shall be available for all Board members prior to the annual meeting. The June report (also called annual report) shall cover all days in June up to the two weeks before the annual meeting. The remaining days of June shall be covered in the following quarterly report. These reports are also to be used for IRS purposes.

## 2. Budget

CALA budget year is the same as financial report year that runs from July 1 to June 30. All requests for payment must be submitted by July 31 following the budget year.

The current Executive Committee shall prepare the annual budget in spring for the following activity year. Even though the current President, being the chair of the Executive Committee, initiates the process, the President-Elect plays the largest role in preparing this budget since the budget is for the year when the President-Elect will be the President. The Executive Committee then submits the draft to the current Board for input and discussion (but not voting) at the first Board meeting of the annual conference. The new Board at the second Board meeting of the annual conference then approves the revised budget.

The Treasurer is authorized to issue checks for expense items approved as part of the annual budget; examples of such expense items include:

Membership rebate  
Newsletter and journal mailing  
General postage

The Board shall approve any expenditure item not included in the budget before any payment is made.

Note: The journal editor's responsibility as stated in the Bylaws (Section 5) is not subject to these guidelines.

### 3. Bank account and check processing

When it is necessary to establish a bank account, the name of the bank account(s) shall be "Chinese American Librarians Association." All CALA checks shall be properly endorsed or legibly printed.

### Request Form for Fund Appropriation or Reimbursement (FAR)

4. The Request Form for FAR is available on the CALA Web page: <http://www.cala-web.org> The form shall be completed with original receipt(s) or invoice(s) attached and sent to the Treasurer. Requests for reimbursement shall be submitted no later than 30 days after the end of the budget year. The Treasurer shall verify the claim with the appropriate approved documents, issue the check and send it to the requestor within two weeks of receiving the completed request form. "Void after 60 days" shall appear on all checks to remind the payee to cash the check in time. Accordingly, the requestor shall deposit the check within 60 days of the check.

### 5. Special Funds

The Sheila Lai Research Grant Endowment Fund was established with the initial amount of \$10,000. Interest from the principle is available for awards. The award amount shall not be less than \$500.00. The amount may be a combination of the fund interest and matching donation for the award. The interest shall roll into the principle, when an award is not given. The Finance Committee shall decide on issues related to this fund with consultation of Sheila Lai, the donor (telephone number: 916-363-5509; email address: [sheilalai@csus.edu](mailto:sheilalai@csus.edu)).

### 6. Finance Committee and its Reports

The Finance Committee shall submit to the Board two reports per year. The first report covers the Treasurer's September and December quarterly reports for the Board's review at the mid-winter meeting; the second report covers the Treasurer's March and June quarterly reports for the Board's review at the annual meeting. The report shall include review of the financial picture and make recommendations to the President and the Board to ensure the sound financial health of the Association. Accompanied with the report shall be an updated summary of the last three years' revenues and expenses. The Committee shall be certain that the Treasurer's reports are clear, readable, and ready for IRS review anytime. The Committee may suggest revisions of the financial review process for Board's approval.

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Appendix A: Example of Financial Transaction Ledger

Date	Check #	Payee/Payer	Description	Payment amount	Clr	Deposit amount	Balance
7/15/99	2012	M. Li	Account transfer			\$4540.57	\$4540.57
8/5/99	124	State of	Incorp. Annual report filing	\$35	X		\$4505.57
8/16/99	506	NE Chapter	Membership			\$300.00	\$4805.57