

Finances and Donated Funds Accountability Policy
(As adopted April 9, 2019)

The finances of the Boston Free Library consist of two types of monies:

I. Operational Funding

- a. Operational funding is arranged through an annual contract for services with the Buffalo and Erie County Public Library (B&ECPL). The administration of these funds is delineated by the contract between Boston Free Library and B&ECPL.

II. Donated Funding

- a. The accounts held by the Boston Free Library Association consist of donated monies and grants.
- b. Donated Funding is from fundraising (on-going book donations, summer fundraiser, raffles), donations, memorials, Association membership dues, or other sources and managed by the Board of Trustees of the Boston Free Library. Donated money may be used for any purpose approved by the Board of Trustees, and may be retained from year to year.
- c. Grant funds will be administered according to the budget and stipulations of the awarded grant.
- d. Funds raised by the Friends of the Library (annual book sale) are administered separately.

The Association Account is divided into encumbered (grants or donations with specifications), unencumbered and investing moneys.

1. Encumbered money is kept in a checking account and spent for the purpose designated by the donor. The Library Director handles this money, its use is reported to the Board in the Librarian's and Treasurer's Financial Reports. It is limited to short term spending and includes:
 - a. Memorial & Group gifts with specific requests – usually designated for library materials, furniture, equipment or repairs
 - b. Grants
2. Unencumbered money includes unrestricted donations, raffle profits, and petty cash. The Board designated the 'profit' from candy bars and ongoing book donations as well as the donation jar to be spent for the incidental needs of the library.
3. Investment Funds
 - a. By the determination of the Board of Trustees and by recommendation of the treasurer, unencumbered money can be transferred to investment accounts including certificates of deposit, money markets, and savings accounts.
 - b. Investment Funds may be used for any library needs but are generally kept for capital improvements.

Finances and Donated Funds Accountability, continued
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The following policy statement will govern the acceptance, safekeeping, investment and utilization of the donated funds.

III. Cash Procedures:

- a. Petty Cash.
 - i. The Board of Trustees of the Boston Free Library establishes a petty cash fund for the purpose of paying small cash amounts. Use of the fund must be pre-approved by the Library Director. The fund will be drawn from the income from candy bar and ongoing book donations as well as annual deposits from the donation jar. It will be established at \$300.00. This amount will be evaluated at least annually by the Library Director in January, and any increase or decrease will be approved by the Board of Trustees.

- b. Checking Accounts.
 - i. All monies should be held in accounts established at a federally insured commercial bank within the library service area as selected by the Board of Trustees. The Board of Trustees authorizes the Library Director or Treasurer to make deposits and to transfer funds from checking account to savings account and back as necessary.
 - ii. No withdrawals or expenditures shall be made from these accounts without the express authorization of the Board of Trustees. The treasurer, one additional trustee designated by the Board and the Library Director (or acting Director) will be authorized to sign checks. All checks require two signatures, the Library Director (or acting Director) and either the treasurer or the designated trustee. All payment authorizations should be initialed by the director or the director's designee before signing the checks.
 - iii. Bank statements and monthly bank reconciliations must be reviewed and approved by the Claims Auditor. This must be an individual who does not prepare checks for signature. Segregation of duties is especially important.
 - iv. The donated funds accounts may be audited at such frequency and by such person or organization as the Board of Trustees from time to time deem appropriate. The treasurer shall make reports to the Board as to activity in the donated accounts.

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- c. Donations
 - i. Every effort will be made to ensure that recognition of the donors is timely, meaningful to the donor, and appropriate and equitable, unless the donor wishes to remain anonymous. Gifts on which a donor places restrictions or special conditions will be accepted only if those restrictions or conditions are accepted by the Boston Free Library Board of Trustees or its designee. If the conditions placed on the donation by the donor are such that the donation should be used for long term purposes of the library, such funds shall be invested with such financial institution as prudent in the circumstances.
 - ii. All donations will be acknowledged in such a manner which fulfills the requirements under the laws in effect for public charities at the time of the donations.

- d. Investments
 - i. Since the objective of investment account assets is to maintain liquidity and principle guarantee, the funds can only be deposited into FDIC (Federal Deposit Insurance Corporation) money markets, certificates of deposit and U.S. Treasury instruments.

These policies are determined by the Board of Trustees, and are subject to review and revision at the discretion of the Board. Appeals to any policy may be submitted to the Board of Trustees in writing.