

# FINANCE & ACCOUNTING

## AREA AND COUNTY PROGRAM FUNDS – POLICY OVERVIEW

1. SO Indiana is accredited by Special Olympics, Inc. and registered with the federal and state agencies as the sole nonprofit organization for Special Olympics in Indiana, with exclusive rights to the official name and logo within our jurisdiction. Accordingly, there is no recognition of Area or County Programs as separate entities. No bank or investment accounts may bear the name of Special Olympics, except an individual account approved and controlled by the State Office.
2. Through an annual accreditation process, SO Indiana accredits Area and County Programs providing those management teams with the right to raise funds and disburse funds for local purposes through the SO Indiana consolidated accounting system.

## GENERAL FINANCIAL POLICIES

1. Under special circumstances, an affiliated service-providing organization may apply to participate in SO Indiana events, but is forbidden to use the Special Olympics name and logo to raise funds.
2. All SO Indiana Area and County accounts are consolidated into a central bank account managed by the State Office to provide for the ongoing cash needs of its Area and County Programs. Funds received from Area and County Programs will be maintained within a separate general ledger account for each program.
3. Under no circumstances may an Area or County Program establish a separate account or withhold funds raised in the name of Special Olympics. Unauthorized accounts or use of SO Indiana funds shall result in suspension of the programs and criminal prosecution when warranted.
4. Area and County Programs must appoint a Treasurer (subject to Class A volunteer requirements) whose job it is to ensure appropriate financial management. This Treasurer is required to complete SO Indiana financial training. **County Coordinators and Area Directors are not allowed to serve as the Treasurer. Furthermore, the County Coordinators or Area Directors cannot be members of the same household with the Treasurer.**
5. Area and County Programs are required to submit an annual budget as part of its Accreditation application each year, subject to the approval of the State Office, which projects revenues and expenses for the upcoming calendar year.
6. In a calendar year, Area and County Programs are expected to raise an amount of money at least equal to the total funds spent in that same calendar year. Revenue may exceed or be less than expenditures at any point during the year, but must be net zero, or greater, on December 31 each year.
7. County Programs are expected to annually raise an amount commensurate to its projected expenses.
  - a. For County Programs with at least 50% of a year's expenses in reserve, funds raised in excess of the amount spent in any given year will be carried over to the following year (deferred). The amount that can be carried-over shall be no more than **\$10,000**.
  - b. For County Programs without at least 50% of a year's expenses in reserve, funds raised in excess of the amount spent in any given year will be placed in that County Program's reserve fund.
8. The carry-over calculation will be made after the SO Indiana books are closed on or about February 28 of each year and communicated to counties by March 31 of each year. The funds will appear as a transfer of funds in the May financial report.
9. Programs raising funds between 95% and 99% of their annual expenditures will receive written notice and offered fundraising assistance by the State Office.
10. Programs raising funds less than 95% of their annual expenses will be placed on financial probation.
  - a. Programs considered by the State Office to be failing in their responsibility for raising sufficient annual funds [because of a significant shortfall (20%+) or repeated non-compliance] will be placed on cash-basis accounting, meaning credit card privileges are suspended and costs may be incurred only if their program has deposited sufficient funds during that calendar year. As a last resort, programs unable to provide the necessary financial support for their activities may be suspended from participation pending replacement of the management team.
11. Area and County Program consolidated reserve funds above the amount required for cash flow purposes will be invested according to the SO Indiana Investment Policy. Interest and/or dividends resulting from these investments will be retained in the SO Indiana investment account for the benefit of respective programs.
12. The State Office will coordinate a series of collaborative fundraising activities each year (e.g., Polar Plunge and Plane Pull) designed for shared participation by accredited Counties. Guidelines for revenue sharing percentages for collaborative events will be determined and communicated prior to event registration.
13. Accredited Area and County Programs are exempt from Indiana sales tax on items that are purchased for use or consumption in connection with the Special Olympics program, such as sports equipment or printing costs. To support your claim of tax exemption, provide the seller with a copy of the tax-exempt certificate. **The State Office will NOT reimburse for sales tax on purchases made and submitted for reimbursement.**
14. County Programs shall not require payment of fees by athletes or their families for the athlete's participation in Special Olympics, including charges to register for or enroll in the program.

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15. Reasonable allocation of funds for the training and recognition of volunteers and sponsors is considered an appropriate use of SO Indiana funds. Activities for athletes, families, volunteers, etc. that are not related to Special Olympics sports training or competition (such as social gatherings or trips) are questionable and must be referred to the State Office for approval.
16. Through the annual budgeting process, the Board of Directors shall approve registration (entry) fees for all State Office managed events.
17. Entry fees will be transferred from the Area and County accounts based on entries received by the deadline. The entry fee is non-refundable, except in the event of cancellation by the State Office because of weather or facility issues beyond the control of event organizers.
18. Area and County Programs shall follow SO Indiana policies regulating capital expenditures (purchases of \$1,500 or more and a useful life of more than one year). Area and County Programs are prohibited from purchasing any motorized vehicle, building, or land.
19. Area and County Programs are prohibited from using funds to hire full or part-time staff. With advance permission of the State Office, Area and County Programs may pay stipends (not to exceed \$599 per year) to volunteers who provide irreplaceable administrative support.
20. All donations received from the Knights of Columbus shall not be deposited locally but forwarded to the State Office upon receipt for deposit into the *Summer Games Fund*. These funds will be pooled to provide participating County Programs with a discount on Summer Games entry fees. The discount is calculated based on all funds received at any level of SO Indiana from the Knights of Columbus between April 1 and March 31 annually.

## APPROPRIATE USE OF FUNDS

SO Indiana has the legal and ethical obligation to make sure that funds raised in the name of Special Olympics are used in pursuit of the mission of the organization – year-round sports training and competition for individuals with intellectual disabilities.

Failure by any SO Indiana representative to follow the highest level of integrity in the use of donated funds shall be grounds for dismissal or other disciplinary action.

An annual audit is conducted by an independent auditing firm to ensure proper stewardship of funds donated to SO Indiana.

## STATUS OF FUNDS WITHIN SO INDIANA

According to the General Rules of Special Olympics Inc., there is only one 501(c)(3) Special Olympics organization in Indiana. In that respect, all funds are technically (and for tax and legal purposes) governed by the State Office (budget, audit, investment, etc.).

## THEFT OF FUNDS

In the event SO Indiana funds are used in an unauthorized manner for personal benefit, the State Office will follow the guidelines listed below:

1. All program records will be retrieved from the SO Indiana filing system, as well as all records from the local Fifth Third branch or, if applicable, the local bank account.
2. Either State Office staff or the current accounting firm representing the organization will review those records, depending on the seriousness of the situation.
3. If a minor problem exists, individual(s) in question will be given an opportunity to correct the error(s).
4. If, however, records show a deliberate effort to direct money for individual gain, the matter will be turned over to the Finance Committee of the Board of Directors.
5. The Finance Committee will recommend to the Board of Directors to either file charges with the county prosecutor or pursue other options.

## TRANSFERRING AUTHORITY TO A NEW TREASURER

1. The State Office must be notified prior to the new appointment. The new Treasurer must submit a *Change of Leadership Form*.
2. The new Treasurer must complete the SO Indiana Financial Training provided by the Accounting Coordinator.
3. For programs with approved non-Fifth Third bank accounts, the Accounting Coordinator will initiate a new signature card and corporate resolution (if required). The Area Director or County Coordinator and new Treasurer will be required to provide their signature, at the bank, upon notification from the Accounting Coordinator.

## QUARTERLY REPORTING

On a quarterly basis, all programs will receive financial statements and transaction reports for the three (3) previous months from the State Office. Each program is responsible for reviewing such reports and validating accuracy of the information. Any questions are to be submitted to the Accounting Coordinator or Chief Financial Officer (CFO).

It is imperative that each program review these reports as there are a significant number of transactions that occur within SO Indiana and, although we strive for perfection, we cannot guarantee 100% accuracy and rely upon careful review and knowledge of transactions as a confirmation of accuracy.

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## AUDITED FINANCIAL STATEMENTS & IRS FORM 990

The State Office secures the services of a certified public accounting firm to conduct an annual audit of all authorized programs and to prepare its annual filing with the IRS. The audited annual financial statements and Form 990 are available for public inspection. Individuals may request a copy of the annual financial statements by contacting the State Office at 6200 Technology Center Drive, Suite 105, Indianapolis, Indiana 46278 or by calling +1 800 742 0612.

The service fee for each copy of the audited financial statements or Form 990 is \$1.00 for the cover and 15 cents for each page, plus the cost of postage.

The audited financial statements and Form 990 are also available for public inspection at the State Office during our operating hours (8:00 a.m. - 4:30 p.m., Monday through Thursday and 8:00 a.m. - 12:00 p.m. on Friday). You may also access the Form 990 for Special Olympics Indiana at [www.guidestar.org](http://www.guidestar.org).

## BANK ACCOUNTS

All programs for which there is a local Fifth Third branch MUST have a depository account set up at its local Fifth Third branch. This procedure will be handled by the State Office. There shall be no other accounts established in any financial institution without the express written authority of the State Office. The establishment of a separate account is considered a violation of SO Indiana policy and will be strictly enforced.

## NO FIFTH THIRD BRANCH IN AREA

In the event there is no local Fifth Third branch in your Area/County, the State Office will work with the Program to establish an approved non-Fifth Third bank account. The Accounting Coordinator will initiate the account opening, signature card and corporate resolution (if required). The Area Director or County Coordinator and Treasurer will be required to provide their signature, at the bank, upon notification from the Accounting Coordinator. All bank accounts MUST also have the signature authority of the SO Indiana President/CEO.

On a monthly basis, each program will be required to forward a copy of their local bank statement to the State Office for reconciliation purposes. This statement must be forwarded immediately upon receipt and may be submitted by mail, fax or email.

For these Area and County Programs, funds will be maintained at a level to avoid a service charge on the account. The remainder will be transferred, on a periodic basis, to the consolidated Fifth Third account.

## EXPENDITURE OF FUNDS FROM LOCAL BANK ACCOUNT

Programs are prohibited from making any expenditures from its local bank account (including any Fifth Third account). This is considered a violation of policy.

## RECEIPT OF FUNDS

- **All cash receipts are to be deposited as soon as reasonably possible in to your local Fifth Third or approved non-Fifth Third account.**
- All cash received must be accounted for and deposited and may not be used to pay expenses.
- For additional documentation required for donations see the Fundraising section.
- Programs must complete a *Deposit Form* for all deposits and attach the original or a copy of the deposit receipt provided by the bank. This documentation must be complete and provided to the State Office immediately upon deposit of funds. The form may be submitted by mail, fax or email but must ALWAYS be accompanied by the deposit receipt with the register printout on it.
  - The deposit form is to include the following details:
    - Date cash/check received
    - Purpose of receipt (fundraiser, donation, etc.)
    - From whom funds were received
    - Receipt type (cash or check), if check include check date & check number
  - Copy and include with the Deposit Form, checks received by any of the following:
    - Civic or Fraternal Organizations (e.g., Kiwanis, AmVets, Tri-Kappa, etc.)
    - Corporations (e.g., Wal-Mart, Target, etc.)
    - All checks \$250 or greater
  - There are additional documentation requirements for IRS purposes. See the Fundraising section for additional information.
- Any deposit documentation not received within 30 days of deposit is considered delinquent.
- Areas and Local entities will not receive credit for any deposits/cash receipts until the above items have been received by the State Office.

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## CHECK REQUEST

Invoices for expenditures are to be sent to the State Office, attention: Accounting Coordinator, accompanied by a *Check Request Form*.

Requests for reimbursements for expenditures made are to be sent via mail, fax or email to the State Office and must include the following documentation:

- Check Request Form
- Original or copy of receipt(s) or paid invoice(s)

Any check request submitted that does not include the appropriate documentation (invoice/receipt) will not be paid until such documentation is received.

Programs are responsible for submitting invoices on a timely basis and will be responsible for any late fees incurred as a result of not doing so.

## TIME LIMIT FOR SUBMITTING EXPENSE REIMBURSEMENTS

All requests for expense reimbursement must be submitted within three (3) months of incurring the expense, except as noted at year-end. Any request for reimbursement submitted after this allotted time limit will not be reimbursed. **All expense requests must be submitted within 30 days of year-end.**

## TRAVEL EXPENSES

Programs may reimburse their volunteers at the current standard mileage rate issued by the Internal Revenue Service (contact the State Office for the current rate or go to [www.irs.gov](http://www.irs.gov)) for travel to official meetings, training programs, and competitions. Requests for mileage reimbursement must be pre-approved by the person in charge of the program and submitted on a *Travel Expense Form*. This form is then submitted to the State Office accompanied by the *Check Request Form*. The State Office will review and verify mileage claims.

## VOLUNTEER MILEAGE

Volunteers using private vehicles for Special Olympics activities may be credited with an in-kind contribution for mileage up to the limit allowed by the Internal Revenue Service (please contact your personal accountant for additional information regarding the tax deduction allowed). No excess reimbursement will be granted by SO Indiana.

## SO INDIANA CREDIT CARD

County Coordinators and Area Directors may request a credit card from the State Office for use solely for qualified Special Olympics expenditures. In the event the card is used for purposes other than for Special Olympics, the State Office will immediately cancel the card and seek reimbursement for such expenditures.

Please notify the State Office immediately if the card is lost or stolen, and it will be immediately cancelled.

The State Office will establish an appropriate credit limit for each card. In the event a program's reserve funds are \$0 or negative, the card will be suspended until such reserve is replenished.

Card users are required to submit a *Credit Card Expense Report* upon use of such card. All credit card receipts must be submitted to the State Office (either via email or mail) by the 15<sup>th</sup> of the month following the credit card statement date (example: by August 15 for June 28 – July 27 charges). Failure to comply with this policy will result in the suspension of the user's card.

## PURCHASE OF CAPITAL ASSETS

SO Indiana's policy is to capitalize (versus expense) any items purchased that have a value of \$1,500 or more and a useful life of more than one year.

Purchases of capital assets (computers, etc.), must be pre-approved in writing by the President & CEO of SO Indiana.

## OWNERSHIP OF ASSETS

All capital assets remain the property of the Special Olympics organization. If a program ceases to exist all capital assets will be turned over to SO Indiana, who will determine, at its sole discretion, the most appropriate disposition of such assets.

## INSURANCE COVERAGE

Each Area or County Program is responsible for maintaining the necessary insurance on their capital assets.

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## DEPRECIATION

For those programs that have any capital assets the State Office will record depreciation on an annual basis. As such, when such items are purchased, your cash will be reduced by the appropriate amount, but there will not be a corresponding expense. The asset will be expensed over time, which is considered to be the "life" of the asset. Standard IRS "lives" are used for depreciation purposes. For example, a computer will be depreciated over three (3) years. Instead of seeing a \$3,000 expense when you purchase the asset, you will see the expense as a depreciation expense in the amount of \$1,000 annually for three (3) years.

## DISPOSAL OF ASSETS

In the event you dispose of an asset or an asset ceases to be utilized in Special Olympics operations, please inform the State Office immediately in writing so that we may appropriately account for it. Please provide the State Office the following information for any disposition:

- Date of disposal
- Method of disposal (discarded, traded-in, sold, lost, stolen, other)
- If sold, amount of revenue received
- If traded in, identify asset received in trade

## PROPERTY TAXES

All capital assets owned by SO Indiana (State, Area or County) require an annual filing with the local county government. The State Office files all necessary property tax documentation for programs. However, the State Office needs to know when such filing either is necessary or is no longer necessary. Thus, it is imperative that the State Office is informed on a timely basis of any additions or disposals.

If you receive any notifications from your County Assessor, forward it to the State Office immediately. The State Office will respond to any requests or file all necessary paperwork.

## ANNUAL REVIEW OF ASSET LISTING

On an annual basis, the State Office will forward to each Area Director or County Coordinator a list of all assets currently on the SO Indiana records for review to ensure all updates have been appropriately reflected.

## FEES FOR STATE COMPETITIONS

Fees for the state competitions shall include the total cost of the Special Olympics program. These fees will be deducted from the County accounts. The fees will cover the cost of participants entering the state competitions.

## SALE OF SOUVENIRS

For tax purposes, SO Indiana must limit the number of days per year that souvenirs are sold. Therefore, Area and County programs may only sell souvenirs at a scheduled event and MUST obtain approval to sell souvenirs from the State Office in advance of the event.

## NO CASH PRIZES

SO Indiana prohibits the use of funds donated to Special Olympics for cash prizes as awards for participation in a fundraising event (e.g. golf outing). It is appropriate to provide promotional items or merchandise certificates for participants within expense guidelines. With pre-approval of the State Office, vouchers for prize checks may be provided by SO Indiana when necessary documentation is received following an event.