

Downtown Medford Association

Financial & Control Policies

Adopted January 3, 2023

Philosophy

The purpose of financial management in the operation of all Downtown Medford Association (DMA) activities is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to stakeholders, members, partners, funders, employees, and the community. In order to accomplish this, DMA commits to providing accurate and complete financial data for internal and external use by the Executive Director and the Board of Directors.

Authority

The Board of Directors is ultimately responsible for the financial management of all activities. The Treasurer is authorized to act on the Board's behalf on financial matters when action is required in advance of a meeting of the Board of Directors.

- The Executive Director is responsible for the day-to-day financial management of the organization. The Board authorizes the Executive Director to pay bills recurring and as incurred, receive funds, and maintain bank accounts.
- The Executive Director is authorized to sign checks up to \$200; checks for amounts greater than \$200 shall require two signatures, one of which is the Treasurer or Board Chair.
- The Executive Director is authorized to enter into contracts for activities that the Board has approved as a part of budgets or plans. The Board of Directors must authorize any contracts outside of these parameters and all contracts with a financial value of \$5,000 or greater.
- The Executive Director is authorized to manage expenses within the parameters of the overall approved budget, reporting to the Finance Committee on variances and the reason for these variances.
- The Board of Directors must approve any use of the board-designated cash reserve fund.

Responsibilities

The Executive Director shall:

- Account for donor-restricted and board designated funds separately from general operating funds, and clearly define the restrictions applicable to these funds.
- Report the financial results of DMA operations according to the schedule established by the Board, quarterly at the minimum.
- Pay all obligations and file required reports in a timely manner.
- Make no contractual commitment for bank loans, corporate credit cards, or for real estate leases or purchases without specific direction from and/or approval of the Board.

- Be able to open vendor credit accounts without Board approval. The credit limits must be prudent and not exceed necessary levels.
- Obtain competitive bids for items or services costing in excess of \$5,000 per unit. Selection will be based on cost, service, and other elements of the contract. DMA may award the bid to any provider using the “best value” approach and is not required to accept the lowest cost proposal.

The Board of Directors shall:

- Review financial reports at each board meeting.
- Provide adequate training to new and incumbent Board members to enable each member to fulfill their financial oversight role.

Basis of Accounting

The organization uses the accrual basis of accounting. The accrual basis is the method of accounting whereby revenue and expenses are identified with specific periods of time, such as a month or year, and are recorded as incurred. This method of recording revenue and expenses is without regard to the date of receipt or payment of cash.

Fixed Assets

The organization will capitalize assets over \$500, with a useful life of more than one year. All assets will be depreciated using the straight line method and will not exceed five years for furniture and equipment or three years for computer and other technology equipment.

Operating Reserve

The target minimum operating reserve fund for the organization is three (3) months of average operating costs. The calculation of average monthly operating costs includes all recurring, predictable expenses such as salaries and benefits, occupancy, office, travel, program, and ongoing professional services. The amount of the operating reserve will be calculated each year after approval of the annual budget.

Bank Reconciliations

All bank statements will be opened and reviewed in a timely manner. Bank reconciliation and approval will occur within 30 calendar days of the close of the month.

Invoice Preparation

All grants and programming/projects are invoiced each month to capture all billable time and expenses and ensure a regular healthy cash flow for the organization.

Budget

In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with board-approved priorities, long-range organization goals and objectives, the Executive Director shall:

- Submit operating and capital budgets to the Board with sufficient time for approval by the Board prior to each fiscal year.
- Provide the board with the assumptions used to create the budget.

Gift Acceptance

DMA will accept stock or other negotiable instruments as a vehicle for donors to transfer assets to the organization. Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with accounting standards. The Executive Director shall sell any stock given to the organization immediately upon receipt by the organization. DMA shall accept contributions of goods or services other than cash that are related to the programs and operations of DMA. Any other contributions of non-cash items must be reviewed and approved by the Board of Directors before acceptance.

Asset Protection

In order to ensure that the assets of DMA are adequately protected and maintained, the Executive Director shall:

- Maintain active insurance coverage against theft and casualty losses to the organization and against liability losses to Board members, staff, or the organization itself to levels indicated in consultation with suitable professional resources.
- Plan and carry out suitable protection and maintenance of property, buildings, and equipment.
- Avoid actions that would expose the organization, its board, or its staff to claims of liability.
- Protect intellectual property, information, and files from unauthorized access, tampering, loss, or significant damage.
- Receive, process, and disburse funds under controls that are sufficient to maintain basic segregation of duties to protect bank accounts, income receipts, and payments.
- Bring any emerging issues pertaining to fund management, such as an error that exceeds reasonable variations in petty cash, for example, to the Executive Committee and/or the board within 24 hours of discovering the error.

Document Retention and Destruction

The Document Retention and Destruction Policy identifies the record retention responsibilities of staff, volunteers, members of the board of directors, and individuals such as contractors external to the organization, for maintaining and documenting the storage and destruction of the organization's documents and records.

The organization's staff, volunteers, members of the board of directors, committee members, and outsiders (independent contractors via agreements with them) are required to honor the following rules:

- Paper or electronic documents indicated under the terms for retention in the following section will be transferred and maintained by the Executive Director;

- All other paper documents will be destroyed after three years;
- All other electronic documents will be deleted from all individual computers, databases, networks, and back-up storage after one year;
- No paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private; and
- No paper or electronic documents will be destroyed or deleted as required to comply with government auditing standards (Single Audit Act).
- The following table indicates the retention requirements by type of document;

Type of Document	Requirement
Accounts payable ledgers and schedules	7 years
Audit reports	Permanently
Bank reconciliations	2 years
Bank statements	3 years
Checks (for important payments and purchases)	Permanently
Contracts, mortgages, notes, and leases (expired)	7 years
Contracts (still in effect)	Contract period
Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanently
Correspondence (with customers and vendors)	2 years
Deeds, mortgages, and bills of sale	Permanently
Depreciation schedules	Permanently
Duplicate deposit slips	2 years
Employment applications	3 years
Expense analysis/expense distribution schedules	7 years
Year-end financial statements	Permanently
Insurance records, current accident reports, claims, policies, and so on (active and expired)	Permanently
Internal audit reports	3 years
Inventory records for products, materials, and supplies	3 years
Invoices (to customers, from vendors)	7 years

Type of Document	Requirement
Minute books, bylaws, and charter	Permanently
Intellectual property and related papers	Permanently
Payroll records and summaries	7 years
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Tax returns, waivers, and worksheets	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years

Administration Fee

The Downtown Medford Association (DMA) assesses administrative fees to cover the cost of administration and to continue DMA's important work in our community. Fees provide the necessary resources to operate efficiently and effectively, ensure fiscal responsibility, and support the DMA in meeting its mission. Fees will be 15% of the proceeds/income of all grants/projects that are not a direct fundraising activity for the association. Fundraising activities developed to support DMA should provide the organization with a minimum of 25% of the proceeds to fund general operations.

Raffles and Door Prize Drawings

Door Prize Drawings

"Door Prize Drawing" means a drawing held by a nonprofit organization at a meeting of the organization where both the sale of tickets and the drawing(s) occur during the meeting and the total value of the prize(s) does not exceed \$600".

No special license is required to conduct a "Door Prize Drawing" if it falls within the parameter of the above guidelines as defined by Oregon Administrative Rules (OAR) and it shall be the duty of the Executive Director to confirm the value of the prize(s) does not exceed \$600.

Raffles

"Raffle" means a form of a lottery in which each participant buys a ticket for an article or moneys designated as a prize and where a random drawing determines the winner. A raffle includes the elements of consideration, chance, and a prize. Consideration is presumed to be present unless it is clearly and conspicuously disclosed to prospective participants that tickets to the drawing may be acquired without contributing something of economic value. Tickets for a raffle are usually sold prior to the event but can be sold during the event.

Members of DMA wishing to conduct a Raffle must receive permission from the DMA Board. Please contact the Executive Director for assistance before planning the event. No Raffle of any kind may be conducted without approval from the Board. The board must approve the Raffle 90-120 days prior to the event.

DMA holds a State of Oregon Class "A" [Raffle License](#). Raffles in Oregon are considered a form of gambling and are regulated by the Oregon Department of Justice.

After approval is received, you may proceed with other additional requirements needed in order to comply with Oregon Administrative Rules.

Raffle tickets must contain the following information;

- the date and time of the drawing;
- the location of the drawing; the name of the organization conducting the drawing;
- the price of the change;
- a full and fair description of the prize or prizes to be awarded;
- the retail market value of each prize to be awarded; and
- total number of tickets that may be sold.

For more information and to see other requirements of a raffle, go to the [Oregon Department of Justice website](#) section pertaining to Raffles.