Downtown Chico Business Association Financial Management Policy

Updated 2/2/2026

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1. Purpose

The purpose of this policy is to provide clear guidance on financial management, spending authority, expense approvals, and record-keeping procedures for the Downtown Chico Business Association (DCBA). This ensures compliance with California law, DCBA bylaws, and best practices in nonprofit financial oversight.

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2. Roles & Responsibilities

1. **Board of Directors** – Provides financial oversight, approves budgets, and ensures fiduciary compliance.
2. **Executive Committee** – Provides operational oversight, reviews major expenditures, and ensures alignment with strategic goals.
3. **President** – Oversees all financial operations, approves expenditures per policy, and ensures adherence to budget.
4. **Treasurer** – Provides financial guidance, reviews reports, approves expenditures within authority, and monitors financial health.
5. **General Manager (GM)** – Handles day-to-day financial operations, approves expenditures within delegated authority, and serves as point person with Bookkeeper.
6. **Events Manager** – Manages event-specific budgets, approves expenditures within delegated authority, and ensures vendor commitments are met.
7. **Bookkeeper** – Reconciles accounts monthly, assists with reports as needed, and coordinates with General Manager and Treasurer.

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3. Budgeting & Planning

1. Annual Budget: Prepared by General Manager in December, reviewed by Executive Committee, and approved by Board in January.
2. Mid-Year Review: General Manager brings report comparing actuals to budget to the Board in June with recommended adjustments; Board review adjustments and vote at June Board meeting.

3. Events Budget: Events are evaluated based on both financial performance and mission impact. While cost recovery is encouraged, the organization recognizes that certain programs may intentionally operate at a deficit to achieve strategic, community, or cultural objectives. Deficit events require advance approval and must demonstrate clear alignment with the organization's mission and strategic plan.

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4. Financial Oversight & Reporting

1. Reporting: Monthly financial statements presented to Treasurer and President; quarterly reports shared with Board.
2. Auditing: An annual financial review or audit, as determined by the Board based on organizational size, funding requirements, and risk.
3. Record Retention: All financial records maintained for minimum of seven years, stored securely.

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5. Financial Processes & Controls

5.1 Roles & Responsibilities

1. Primary Financial Responsibility: President, Treasurer, and General Manager, or others appointed and approved by the board.
2. Spending Authority Levels:
    - Events Manager: Up to $350 per expenditure; amounts above require GM or authorized personnel approval. Expenditures already in approved event budgets do not need additional approval.
    - General Manager: Up to $1,000 per expenditure; consult with Treasurer/President as needed.
    - $1,001–$5,000: Requires President, Treasurer, or Vice President approval with written justification.
    - Over $5,000: Requires Board approval.

5.2 Petty Cash

1. Maximum petty cash: $300 in DCBA safe.

2. Expenditures must be recorded in the Petty Cash Record Book with receipts and purpose attached. Copies submitted to Bookkeeper or uploaded to QuickBooks for reimbursement.
3. Authorized Personnel: Bookkeeper, GM, President, Treasurer, or other appointed staff.

5.3 ACH Cards

1. ACH Debit Card issued to General Manager
2. ACH Debit Card issued to Events Manager
3. All purchases require:
    - Itemized receipts
    - Purpose of purchase
    - Supervisor approval
    - Copies submitted to Bookkeeper or upload to QuickBooks

5.4 Expense Approval, Chart of Accounts Coding, & Check Preparation

1. GM coordinates with Bookkeeper on coding, approvals, and bill handling.
2. Staff inquiries regarding billing, payments, or reimbursements go to General Manager, not Bookkeeper.
3. QuickBooks Online Access: Bookkeeper, General Manager, Treasurer
4. Document Handling:
    - Locked filing cabinet stores all financial records.
    - Files established for:
        - Bills for Review, Coding & Approval
        - Timecards & Bills to be Paid
        - Donor Invoice Forms / Event Commitments
        - Checks to be Signed
5. Standard Monthly Operations: Recurring costs (payroll, insurance, etc.) handled directly by Bookkeeper/General Manager; checks left in office with notification.

6. Other Bills: Reviewed weekly by General Manager, approved, coded, and returned to Bookkeeper for payment.

5.5 Check Signing & Authorization

1. Authorized Signers: President, Vice President(s) General Manager (GM). General Manager for standard monthly operations.
2. Documentation: All checks must be accompanied by receipts, invoices, or other supporting documentation, except for standard monthly operational checks (e.g., payroll, utilities, insurance) approved in the budget.
3. Approval Thresholds:
    a. Checks/purchases up to $1,000 may be signed by the GM alone.
    b. Checks/purchases over $1,000 require signature of President or a Vice President in addition to GM.
    c. Checks/purchases over $5,000 require approval from the Board.

5.6 Payroll

1. Payroll Processing:
    a. Payroll is prepared by the General Manager (GM) with oversight and review by the Treasurer.
    b. Payroll must be processed in compliance with all federal and California wage and hour laws.
2. Employment Documentation:
    a. GM is responsible for collecting and maintaining all required employment forms, including: W-4, DE-4, I-9, and any other forms required by law or organization policy.
3. Timekeeping & Verification:
    a. Staff are responsible for submitting accurate timesheets through payroll software.
    b. GM reviews, verifies, and approves all submitted hours before payroll processing.
    c. Approved timesheets are maintained as part of the official payroll record.

5.7 Event Commitments

1. Participants in events or marketing campaigns must sign commitment and pay prior to event.

2. Events Manager ensures:

    a. Commitments/Sponsors obtained at least 1 month in advance
    b. Invoices sent at least 10 days prior to event

c. Payment received 5 days prior to event (or participation voided unless received by specified date)

Board Member Financial Document Review Procedure

Board members have the legal right to inspect and review financial records as reasonably necessary to fulfill their fiduciary duties of care and loyalty. The following procedures are intended to facilitate access while protecting confidential information and maintaining appropriate internal controls. Nothing in this policy is intended to limit or override a board member's statutory rights under California law.

1. *Access to Financial Records*
   Financial records will be made available to board members upon request at reasonable times and for proper purposes related to the fulfillment of board duties. Access may be provided in paper or electronic format, as determined by the organization, unless a specific format is reasonably requested by the board member.
2. *Location of Review*
   Whenever practicable, financial records will be made available for review at a designated location determined by the President or General Manager. When appropriate, secure electronic access may be provided to allow efficient review while maintaining confidentiality and data security.
3. *Reasonable Notice*
   Board members are requested to provide reasonable advance notice of their intent to review financial records to allow staff adequate time to prepare documents and ensure availability for assistance, unless circumstances require more immediate access.
4. *Staff Assistance and Oversight*
   A staff member or officer may be available during the review to assist with locating records, answering questions, and ensuring the integrity of original documents. Such oversight is intended to support, not restrict, the board member's right of inspection.
5. *Requests for Copies*
   If a board member wishes to take copies of financial documents off-site, they must first sign the *Board Member Confidentiality & Non-Disclosure Agreement*.
   a. Copies will be provided only after the agreement is signed.
   b. The agreement does not limit the board member's statutory right to access records; it governs the handling, protection, and permitted use of those documents.
6. *Protection and Disposition of Records*
   Board members are expected to take reasonable steps to protect financial documents from unauthorized access. Upon completion of the intended purpose, copies of records should be securely retained or destroyed in a manner consistent with organizational policy and applicable law.
7. *Confidentiality and Fiduciary Obligations*
   All financial records and related information are confidential and must be handled in

accordance with the board member's fiduciary duties of care, loyalty, and confidentiality. Documents may not be shared outside the organization except as required to fulfill board responsibilities or as required by law.