



B A S M A A

Policy and Procedure #8

Title: Funding and Accounting for BASMAA Efforts

The purpose of this policy and procedure is to define and specify financial elements of regional efforts conducted by BASMAA. Related policies and procedures are:

- *#1 Budgeting and Work Planning* – establishes BASMAA’s policy and procedure for all aspects of developing and approving BASMAA’s budgets and work plans, including schedule, project selection criteria, and decision-making.
- *#4 Consultant Selection and Contracting* – establishes guidelines for implementing a selection process to hire consultants to conduct BASMAA projects, including implementation of grant and loan funded projects.
- *#7 Financial* – establishes BASMAA’s accounting policies and procedures.
- *#9 Grant Administration* – establishes BASMAA’s policy and procedure for meeting the administrative requirements of federal or state grants received by BASMAA, which include administrative requirements above-and-beyond those already addressed by BASMAA’s other policies and procedures and/or that are specific to a particular grant.
- *#10 Grant Proposal Development* – defines how BASMAA addresses grant proposal development, including the use and standing of consultants involved in proposal development.
- *#11 Project Management and Project Deliverable Approval* – establishes authorities, and roles and duties of BASMAA project officers and standing or ad hoc committee members overseeing projects.

Unrestricted and Restricted Contributions

BASMAA receives both unrestricted and restricted contributions.

- **Unrestricted contributions** – Unrestricted contributions are generally annual membership dues, and their expenditure is determined by the BASMAA Board of Directors.
- **Restricted contributions** – Restricted contributions include contributions made by member programs for specific purposes (i.e., projects, programs, tasks, or other expenditures). Contributions made to BASMAA by other organizations are generally also made for specific purposes and are therefore restricted (e.g., grants). Restricted contributions to efforts involving more than one contributor should be collected at the beginning of the effort (or at the beginning of each fiscal year for multi-year efforts). Changes to restrictions on restricted contributions may only be made by the contributor(s) and must be done so explicitly and be documented. Changes include changing the specific purpose of the contribution, making the contribution unrestricted, or returning the contribution to the contributor.

Funding Allocation Formulas

- **Membership dues structure** – BASMAA member programs pay annual membership dues to BASMAA. The total amount of dues to be collected each year is determined by a vote of the BASMAA Board of Directors. Member programs share of the total amount of dues is

Effective Date: January 2017

Supersedes: July 2015

calculated using an allocation formula. The basis of the allocation formula is the relative populations of the member programs determined annually using State of California population estimates.

- Funding allocation formula for non-membership dues funded projects / programs (restricted contributions) – BASMAA conducts projects and programs using funds, other than membership dues, contributed to BASMAA by its member programs. These funds are contributed for specific purposes and therefore are restricted contributions. For consistency, and to help ensure fairness, equity, and predictability; the basis of the allocation formula for non-membership dues funded projects / programs is the relative populations of the member programs contributing to the project, program, task, or expenditure

BASMAA Effort

Efforts (i.e., projects, programs, tasks, or other expenditures) supported by contributions to BASMAA (unrestricted or restricted) are considered BASMAA efforts. BASMAA efforts do not need to have all BASMAA members participating to be considered as such. A BASMAA effort means that:

- conduct of the effort follows BASMAA policies and procedures, including funding allocations, accounting, credits, benefits, consultant selection and contracting, and project management;
- the BASMAA Board of Directors is the ultimate decision-maker regarding the effort, with Committee and Executive Director input; and
- the BASMAA name and resources (e.g., staff, website post) can be provided to the effort.

Accounting for In-kind services

BASMAA conducts regional projects on a cash contribution basis. However, BASMAA does account for services provided in-kind for two situations:

- As match to a grant received by BASMAA
- As in-kind revenue for donated services when the services are such that they would have been paid for had they not been received as a donation

Determination of approved in-kind contributions rests with the Board of Directors on a case-by-case basis. The Board of Directors must determine approved in-kind contributions before an effort is committed to and will set the start date for counting in-kind contributions.

Before in-kind contributions, including grant match commitments are accepted, BASMAA establishes in-kind or match agreements with contributors that specify expectations, requirements, and details regarding the type, amount, value, schedule, tracking, documenting, and reporting of contributions. For grant match commitments, the match agreements are established before proposals are submitted and any requirements regarding matches set by the granting agency are incorporated into the match agreements.

Tracking and valuing of in-kind contributions is done in accordance with BASMAA's Policy and Procedure: *Financial*, including in accordance with grant requirements and generally accepted accounting principles (GAAP) as required.

Banked cash contributions: Minimum balance

To protect BASMAA's finances and provide for a positive cash flow, each member agency will maintain a minimum balance of cash funds deposited in a BASMAA bank account that is at least 80 percent of the sum total of that member agency's cash pledges towards regional Board of Directors-approved projects through the current fiscal year.