

# **ASECCC Steering Committee Policy Statements**

## **Policy Statement #1**

**Adopted: March 5, 1993**

**Subject: Limits on Administrative and Fund Raising Expenses**

A charitable agency desiring to participate in the Alabama State Employee Combined Charitable campaign must provide a statement demonstrating that if its fund raising and administrative expenses are in excess of 25 percent of total support and revenue, its actual expense for those purposes are reasonable under all the circumstances in its case. For those agencies whose expenses are not in excess of the 25 percent limit, a statement so affirming shall be supplied which also sets forth the actual percentage of their funds that are used for administration and fund raising. The Local Area Coordinating Committee (LARC) may reject any application from an agency with fund raising and administrative expenses in excess of the 25 percent of total support and revenue, unless the agency demonstrates to the satisfaction of the LARC that its actual expenses for those purposes are reasonable under all circumstances in its case or shows that it has a workable plan to reduce actual expenses to the 25 percent or below level in the future.

(See also Policy Statement #14.)

## **Policy Statement #2**

**Adopted: April 22, 1993**

**Subject: "Grandfathering" versus General Eligibility**

Section 5(d) of the ASECCC Act provides for a charitable federation's or agency's automatic eligibility to participate in the campaign if they were participating in the State of Alabama employee campaign under the provisions of Section 36-1-4.1 of the Code of Alabama 1975, as amended. However, this grandfathering provision does not equate to an automatic waiver of eligibility requirements. The Act is specifically written to limit ASECCC participation to voluntary, charitable health and human care federations and agencies [Section 5(a)] and specifically excludes certain activities from participation [Section 5(b)]. Therefore, the Steering Committee sets forth the policy that any agency, statewide or local, must meet the eligibility provisions of Section 5(a) and not be excluded under the provisions of Section 5(b) of the ASECCC Act.

## **Policy Statement #3**

**Adopted: April 22, 1993**

**Subject: Conflict of Interest**

The Steering Committee hereby establishes the policy that a member of the State Steering Committee or a local LARC board member who has a vested interest in a charitable agency under consideration by the Steering Committee or local LARC will abstain from voting on or otherwise influencing any decision concerning the agency. Vested interest is defined as serving as a board member or in some other voluntary capacity specifically advocating that agency to the community.

#### **Policy Statement #4**

**Adopted: January 10, 1994**

**Subject: One-time, Quarterly and Monthly Disbursements**

Paragraph 325-5-.08 of the ASECCC Policy and Procedures Manual directs that local campaign managers make monthly distributions to agencies and federations in their campaign communities. In order to help keep the costs of the campaign to a minimum, the Steering Committee hereby makes provision for one-time and quarterly distributions. Campaign managers shall use the following guidelines:

1. Campaign managers will provide information on designations, distribution of undesignated funds, and release of donor names to agency/federations not later than March 15.
2. Initial disbursement will be made not later than April 15.
3. If the sum of designations plus the share of undesignated funds for any agency or federation is less than \$200, make a one-time disbursement. Campaign managers will need to estimate shrinkage and apply it to this disbursement.
4. If the total campaign for a campaign community is equal to or less than \$25,000, make quarterly disbursements except as provided for in 3. above.
5. If the total campaign is greater than \$25,000, make monthly disbursements except as provided for in 3. above.

#### **Policy Statement #5**

**Adopted: May 24, 1994**

**Subject: Distribution of Undesignated Funds**

A bill designed to amend paragraph 36-1A-6(d) of the Alabama State Employees Combined Charitable Campaign Act has been prepared for anticipated passage by the Legislature. The bill cleared the Administrative Subcommittee but was not introduced during the recent legislative session. Discussions with legislative leaders indicate it will be introduced and passed during the next special session. The bill proposes that the mechanism for distribution of undesignated funds be based on the proportion that charities receive in designations.

Pending passage of this bill, Campaign Managers should begin immediately to distribute undesignated funds as follows:

Add undesignated contributions to the funds designated to each federation or agency and distribute them in the same proportion as the federation or agency received designations for all funds contributed to the ASECCC.

**Policy Statement #6****Adopted: March 21, 1995****Subject: Audit Requirements (Charitable Agency Application Process)**

Organizations with an annual budget of \$50,000 or less, as determined by the amount of line 12 of the IRS Form 990 for the immediately preceding fiscal year, are not required to have an annual external audit by an independent certified public accountant in order to qualify for participation in the ASECCC.

(Policy Statement #6 was abrogated by Policy Statement #10, adopted on March 10, 2003.)

**Policy Statement #7****Subject: LARC Membership****Adopted: May 18, 1998**

The first sentence of paragraph 325-2-.01(5), "Local Agency Review Committee (LARC)" on page 2 of the ASECCC Operations and Procedures Manual is changed to read: "A group of no fewer than three state employees responsible for overseeing the ASECCC in their campaign community." The rest of paragraph 325-2-.01(5) is unchanged.

**Policy Statement #8****Subject: Submission of Annual Reports****Adopted: February 20, 2001**

Section 325-4-.05, "Additional requirements for ASECCC Participating Federations/Agencies," Subparagraph (6)(c) on page 14 of the ASECCC Operations and Procedures Manual, add the following: "An organization can submit quarterly newsletters, which educate the public on the organization's activities, in lieu of an annual report. "Making available" is interpreted to mean that any citizen of Alabama can request a copy of either the organization's annual report, or its quarterly newsletters."

This change clarifies the submission of quarterly newsletters for organizations that in lieu of an annual report, publish newsletters to meet its obligation to keep the public informed of its activities.

**Policy Statement #9****Subject: Audit Requirements (Campaign Manager)****Adopted: February 20, 2001**

Section 325-5-.08, "Accounting" Subparagraph (2) on page 18 of the ASECCC Operations and Procedures Manual is changed to read: "Each local Campaign Manager shall be responsible for scheduling an examination of its records by an independent certified public accountant no later than 120 days after the close of each campaign. For ASECCC campaigns with total revenues of \$100,000 or over, a full audit shall be required; for ASECCC campaigns of \$99,999 or less, but greater than \$50,000, a review by an independent public accountant shall be required. For campaigns with total revenues of \$49,999 or less, a compiled financial statement shall be submitted, with the option by

the LARC to order a complete review every five (5) years. The results of this audit or review shall be provided to each LARC chair as soon as possible. The audit or report shall also be available for state employees and the general public.”

This change increases the amount raised by LARCs from \$25,000 to \$100,000 before a full audit is required. For LARCs who receive less than \$100,000 but more than \$50,000, a financial review is required.

(Policy Statement #9 was abrogated by Policy Statement #11 adopted on May 8, 2004.)

### **Policy Statement 10**

**Subject: Audit Requirements (Charitable Agency Application Process)**

**Adopted: March 10, 2003**

Policy Statement 6 of the ASECCC Operations and Procedures Manual is changed to read: "Each charitable agency applying for participation in the ASECCC shall be responsible for an examination of its records by an independent certified public accountant. For charitable organizations with total revenues of \$100,000 or over, (as determined by the amount of line 12 of the IRS Form 990 for the immediately preceding fiscal year, within 18 months of application date) a full audit shall be required. Organizations with amounts between \$50,000 and \$99,999.99 are required to have a review by an independent public accountant. Organizations with an annual budget of \$49,999.99 or less, are not required to have an annual external audit by an independent certified public accountant in order to qualify for participation in the ASECCC, but should submit an internal review. The audit, report, or review shall be available for state employees and the general public."

This change increases the amount raised by the charitable organization from \$50,000 to \$100,000 before a full audit is required. For organizations who receive less than \$100,000 but more than \$50,000, a financial review is required. Organizations with a budget of \$49,999.99 or less should submit an internal review.

(Policy Statement #10 was abrogated by Policy Statement # 12 adopted on May 8, 2004.)

### **Policy Statement #11**

**Subject: Audit Requirements (Campaign Manager)**

**Adopted: May 08, 2004**

Policy Statement 9 of the ASECCC Operations and Procedures Manual is changed to read: “Each local Campaign Manager shall be responsible for scheduling an examination of its records by an independent certified public accountant no later than 120 days after the close of each campaign. For ASECCC campaigns with total revenues of \$100,000 or over, a full audit shall be required; for ASECCC campaigns of \$99,999 or less, a compiled financial statement shall be submitted, with the option by the LARC to order a complete financial review every five (5) years. The results of this audit or financial statements shall be provided to each LARC chair as soon as possible. The audit or statement shall also be available for state employees and the general public.”

This change eliminates the requirement of a financial review by an independent public accountant for organizations that receive less than \$100,000 but more than \$50,000.

(Policy Statement #11 was abrogated by Policy Statement #15 adopted on September 8, 2014.)

**Policy Statement 12**

**Subject: Audit Requirements (Charitable Agency Application Process)**

**Adopted: May 08, 2004**

Policy Statement 10 of the ASECCC Operations and Procedures Manual is changed to read: "Each charitable agency applying for participation in the ASECCC shall be responsible for an examination of its records by an independent certified public accountant. For charitable organizations with total revenues of \$100,000 or over, (as determined by the amount of line 12 of the IRS Form 990 for the immediately preceding fiscal year, within 18 months of application date) a full audit shall be required. Organizations with an annual budget of \$99,999.99 or less, are not required to have an annual external audit by an independent certified public accountant in order to qualify for participation in the ASECCC, but should submit an internal review. The audit or review shall be available for state employees and the general public."

This change eliminates the requirement of a financial review for organizations that receive less than \$100,000 but more than \$50,000.

(Policy Statement #12 was abrogated by Policy Statement #16 adopted on January 12, 2015.)

**Policy Statement #13**

**Adopted: May 4, 2005**

**Subject: IRS Form 990**

All organizations wishing to participate in the State Combined Campaign must provide a completed copy of the organization's IRS Form 990, including signature, with the application regardless of whether or not the IRS requires the organization to file this form. IRS Forms 990EZ, 990PF, and comparable forms are not acceptable substitutes. However, smaller organizations that file the Form 990EZ may submit the 990EZ with pages 1 and 2 of the Form 990 attached. The IRS Form 990 and audit (if required) must cover the same fiscal period and, if revenue and expenses on the two documents differ, these amounts must be reconciled in an accompanying, signed statement by the certified public accountant that completed the audit.

(Policy Statement #13 was abrogated by Policy Statement #18 adopted on December 4, 2017).

**Policy Statement #14**

**Adopted: May 4, 2005**

**Subject: Limits on Administrative and Fund Raising Expenses**

All organizations must provide a computation of the organization's percentage of total support and revenue spent on administrative and fundraising. This percentage shall be computed from information on the IRS Form 990 by adding the amount spent on "management and general" (line 14) to "fundraising" (line 15) and then dividing the sum by "total revenue" (line 12).

If an organization's administrative and fundraising expenses exceed 25 percent of its total support and revenue, it must certify that its actual expenses for administration and fundraising are reasonable under all the circumstances presented. It must provide an explanation with its application and also include a formal plan to reduce these expenses below 25 percent. No organization with administrative and fundraising expenses exceeding 30 percent will be allowed to participate in the State Combined Campaign.

The Steering Committee and LARCs may reject any application from an organization with fundraising and administrative expenses in excess of 25 percent of total support and revenue, unless the organization successfully demonstrates to the satisfaction of the LARC that its actual expenses for those purposes and its plan to reduce them are reasonable under the circumstances. To be considered for participation in the 2006 Campaign, any organization with fundraising and administrative expenses in excess of 25 percent of total support and revenue in the 2005 Campaign must complete a full application to be considered for participation. These organizations cannot be recertified by a fundraising federation. A full application must be reviewed by the Steering Committee or LARC for each campaign thereafter as long as the organization's fundraising and administration percentage is in excess of 25 percent.

(See also Policy Statement #1.)

### **Policy Statement #15**

**Subject: Audit Requirements (Campaign Manager)**

**Adopted: September 8, 2014**

Policy Statement #11 of the ASECCC Operations and Procedures Manual is changed to read: "Local Campaign Managers will adhere to the same audit requirements as prescribed to any charitable agency applying for participation in the ASECCC. Each local Campaign Manager shall be responsible for scheduling an examination of its records by an independent certified public accountant no later than 120 days after the close of each campaign. For Campaign Managers with total revenues of \$100,000 or over, a full audit shall be required; for Campaign Managers with total revenues of \$99,999 or less, a compiled financial statement shall be submitted, with the option by the LARC to order a complete financial review every five (5) years. The results of this audit or financial statements shall be provided to each LARC chair as soon as possible. The audit or statement shall also be available for state employees and the general public.

This policy statement clarifies that a separate audit/financial review of the SCC independent of the Campaign Manager's audit by an independent public accountant for organizations is not necessary and is redundant.

(Policy Statement #15 is abrogated by Policy Statement #19 adopted on December 4, 2017.)

**Policy Statement #16****SUBJECT: Audit Requirements (Charitable Agency Application Process)****ADOPTED: January 12, 2015**

Policy Statement #12 of the ASECCC Operations and Procedures Manual is changed to read: "Each charitable agency applying for participation in the ASECCC shall be responsible for an examination of its records by an independent certified public accountant. For charitable organizations with total revenues of \$150,000 or over, (as determined by the amount TOTAL REVENUE on the IRS Form 990 for the immediately preceding fiscal year, within 18 months of application date) a full audit shall be required. Organizations with annual revenues of \$149,999.99 or less, are not required to have an annual external audit by an independent certified public accountant in order to qualify for participation in the ASECCC, but should submit an internal review. The audit or review shall be available for state employees and the general public."

This change increases total revenue from \$100,000 to \$150,000 before a full audit is required. Organizations with a budget of \$149,999.99 or less should submit an internal review.

(Policy Statement #16 is abrogated by Policy Statement #17 adopted on April 3, 2017.)

**Policy Statement #17****SUBJECT: Audit Requirements (Charitable Agency Application Process)****ADOPTED: April 3, 2017**

Policy Statement #16 of the ASECCC Operations and Procedures Manual is changed to read:

Each charitable agency applying for participation in the ASECCC shall be responsible for an examination of its records.

- Organizations with revenues of \$250,000 or greater are required to have their financial statements audited annually by an Independent Public Accountant. The audit must be in accordance with either U. S. GAAP or International Auditing Standards and must be presented using the accrual basis of accounting. The audit report must clearly show the name of the firm that performed the audit as well as its contact information.
- Organizations with revenues of at least \$100,000 and less than \$250,000 may still choose to have an audit, but are only required to have a review performed by an Independent Public Accountant. The statements must be presented using the accrual basis of accounting. The review report must clearly show the name of the firm that performed the review as well as its contact information.
- Organizations with revenues less than \$100,000 are not required to have an audit or review. The organization must certify in the application that it has controls in place to ensure that funds are properly accounted for and that it can provide accurate and timely financial information to interested parties.

This change aligns the State Combined Campaign with federal guidelines published by the Office of

Personnel Management (OPM) for the Combined Federal Campaign

**Policy Statement #18**

**SUBJECT: IRS Form 990**

**ADOPTED: December 4, 2017**

Policy Statement #13 of the ASECCC Operations and Procedures Manual is changed to read:

Each charitable organizations wishing to participate in the State Combined Campaign must also submit its most recent IRS Form 990, for the same fiscal period covered by the audited financial statements. The copy must include the signature of an officer of the organization. The signature of the accountant preparing the form is not sufficient (nor is it required if the form was not prepared by an outside accounting firm). The document must include all schedules that were filed with the IRS with the exception of the list of donors.

If the organization is not required to file an IRS Form 990 (either exempt from filing or files a different form such as the 990EZ or 990PF), a “pro forma” IRS Form 990 will need to be prepared and submitted. This involves downloading a blank IRS Form 990 from the IRS website ([www.irs.gov](http://www.irs.gov)) and completing the following sections:

- Page 1, Items A-M;
  - Part I, Summary, Lines 1-4 only;
  - Part II, Signature Block;
  - Part VII, Compensation –Section A only;
  - Part VIII, Statement of Revenues;
  - Part IX, Statement of Functional Expenses; and
  - Part XII, Financial Statements and Reporting.
- All the above must be completed in accordance with the instructions for the IRS Form 990.

This change aligns the State Combined Campaign with federal guidelines published by the Office of Personnel Management (OPM) for the Combined Federal Campaign.

**Policy Statement #19**

**SUBJECT: Audit Requirements (Campaign Manager)**

**ADOPTED: December 4, 2017**

Policy Statement #15 of the ASECCC Operations and Procedures Manual is changed to read:

Local Campaign Managers will adhere to the same audit requirements as prescribed to any charitable agency applying for participation in the ASECCC. See Policy Statement #17. Each Local Campaign Manager shall be responsible for scheduling an examination of its records by an independent certified public accountant. Every Campaign Manager must as a part of the normal organizational audit include a schedule of receipts and disbursements of his/her area State Combined Campaign by campaign year as supplementary information. The organizational audit shall be provided to each LARC chair as soon as possible. The audit shall also be available for state employees and the general



public.

This policy statement clarifies that the audit requirements for charitable agencies applying for participation in the ASECCCC also apply to Local Campaign Managers.