

## South Dakota Friends of Traditional Music

### Internal Control System for Funds

The South Dakota Friends of Traditional Music organization carries out carefully-crafted procedures relating to handling funds, including grant funds, in order to ensure the integrity, public perception, and longevity of the organization and its activities.

Most of the funds utilized within the South Dakota Friends of Traditional Music (SDFOTM) organization are applied to the Sioux River Folk Festival, a three-day event hosted the first weekend of August each year.

Donations, sponsorships, and grant funds are received through checks mailed to the organization, checks given to the Treasurer and President, or through direct deposit into their checking account. SDFOTM's checking account contains the organization's general fund.

The Treasurer and the President are authorized to write and sign checks. Only one signature is required on checks written by SDFOTM. The Treasurer maintains the checkbook. The checkbook is balanced/reconciled regularly with the organization's bank statements, and the checkbook serves as the official record of funds going into and out of SDFOTM's account. For additional backup, the checkbook contains carbon-copy checks.

At each organizational meeting, the Treasurer provides members with a financial report containing the checking account's balance, and revenues and expenses relevant to that point in time.

For grant awards, such as the South Dakota Arts Council (SDAC) Project Grant, the Treasurer completes the necessary paperwork in order to receive the awarded funds. The funds are provided through direct deposit to the Friends of Traditional Music's bank account. Checks are then written by the Treasurer to pay for the various expenses incurred by the Sioux River Folk Festival. Expenses consistently are in excess of grant funds, so the grant funds are completely utilized to pay for typically about 1/5 to 1/6 of the expenses of the event. The last 10% of the SDAC Project Grant is obtained after the Treasurer provides a post-event report to SDAC. This portion of the payment also comes into the organization's checking account via direct deposit.

Volunteers make the Sioux River Folk Fest possible, and trusted, responsible volunteers work with funds at the event's admission table and at the merchandise table. These volunteers work in teams rather than alone. SDFOTM board members are at or near these sites at most all times throughout the weekend. The admission and merchandise tables are each equipped with a recorded amount of till change at the beginning of each day by the Treasurer. After the conclusion of business each day of the festival, the Treasurer collects the funds and places them

in a secure area, then brings the original recorded amount of till change at the beginning of the next day for each station.

In addition to the Sioux River Folk Festival, SDFOTM provides a few sponsorships to area music events, totaling about \$2,000 per year. These funds are independent of any grant funds obtained by SDFOTM.