## Financial & Investment Policies (draft)

FISCAL YEAR:

The fiscal year is January 1 through December 31.

ACCOUNTING:

An accrued basis of accounting will be used.

INSURANCE:

A. Liability Insurance - The Executive Director will negotiate and recommend Liability Insurance to the Executive Committee for approval.  This insurance should be sufficient to protect the Association’s assets from general exposures.

B. Directors and Officers Insurance - The Executive Director will negotiate and recommend Directors and Officers Insurance to the Executive Committee for approval.  This coverage should protect the Board of Directors and the Executive Director from liability and legal defense costs associated with the decisions of the Board of Directors.

C. Convention Cancellation Insurance - The Executive Director will negotiate and recommend Convention Cancellation Insurance to the Executive Committee for approval.  This coverage should protect the Association in case of cancellation of the Annual Meeting.

ASSOCIATION FINANCIAL MANAGEMENT:

A. Financial Accounts:

Checking Account:  Authorized individuals that will have check writing privileges include the president, vice president, secretary, treasurer, and the executive director.  Any two officer signatures are required for checks in the amount of $5,000 or more.  Signature cards will be reviewed and updated annually by the treasurer.

Investments:  The treasurer and president, in accordance with the Investment Policy and Objectives, will be responsible for determining where and when money will be invested based on current investment advice, degree of financial stability of the Association, liquidity demands and available funds.  The executive director may make account changes upon authorization and specific direction of the treasurer and/or president.

B. Investment Policy and Objectives:

The objective of the investment program is to obtain the maximum possible return on Association funds while assuring adequate protection of invested assets.

Because (Assoc.) is a non-profit organization, investments should not be designed for speculation.  It must be recognized, however, that all investments carry with them some degree of risk, not only as to the safety of the principal itself, but also with regard to the inflationary erosion which occurs from failure to achieve an adequate return on invested assets.

The Investment Policy segregates funds into two categories;  Operating fund, Reserve fund.

Cash and Investment Categories

a) Operating Fund

(1) Purpose - To provide sufficient cash flow to meet the financial obligations of the Association.

(2) Objectives

(a) Liquidity

(b) Preservation of capital

(3) Dollar Range - 10-15% of Annual Revenue not including the annual meeting revenue.

(4) Maturity - limited to one year or less.

(5) Allowable Investments

(a) Checking accounts in federally insured banks and Savings & Loans.

(b) Money Market Funds which invest in government back securities.

(c) Federally-Insured Certificates of Deposit.

b) Reserve Fund

(1) Purpose - To improve the return on funds held for expenditure over the next one to five years, while managing investment risk.

(2) Objectives

(a) Preservation of capital

(b) Liquidity

(c) Optimize investment return within a one to five year time frame.

(3) Dollar Range - Amount necessary to overcome any expected cash flow deficiencies for the next three years as well as an amount to cover an unexpected association need.

(4) Maturity - From one to three years.

(5) Allowable Investments

(a) FDIC insured Money Market Accounts

(b) Money Market Funds which invest in government back securities.

(c) Federally-Insured Certificates of Deposit.

(d) Direct Obligations of the U.S. Government, its agencies and instrumentalities.

(6) Prohibited Investments

(a) Corporate Notes with a minimum rating of investment grade by one rating service.

(b) Corporate Securities.

(c) Private Placements.

(d) Letter Stock.

(e) Derivatives.

(f) Securities from issuers which have filed for bankruptcy.

(g) Commodities or commodity contracts.

(h) Short sales.

(i) Margin transactions.

(j) Option trading.

(k) Any speculative investment activities.

C. Policy on Non-Dues Income:

The activities in which the Association and its committees engage to generate non-dues income shall further the Association’s objectives and functions, and shall not be in conflict with the Association’s bylaws and policies.

D. Budgets:

Operating Budget:  The treasurer develops and prepares an annual operating budget to be presented to the board of directors.  The board of directors then accepts and/or amends the budget.  The board of directors may amend the budget during the fiscal year.

Unbudgeted Expenditures - Unbudgeted expenditures less than $5,000 may be made without the approval of the board of directors.  Any unbudgeted expense higher that $5,000 must be approved by the board of directors.  The president and treasurer must be notified as soon as possible about any significant unbudgeted expenditure.

FINANCIAL STATEMENTS AND ACCOUNT REPORTS:

Financial statements shall be prepared monthly by the office and transmitted to the president and treasurer around the 15th of each month, which reports financial activity for the previous month.  The treasurer shall review the statements, take appropriate corrective action, if necessary, and report to the board of directors at each board meeting.

FINANCIAL AUDITS:

A. Annually, the board of directors will contract with a Certified Public Accounting firm to conduct audit in accordance with Generally Accepted Auditing Standards.  The executive director and the treasurer will recommend an auditor to the board of directors for approval.

B. A copy of the audit shall be provided to the office file, treasurer and the board of directors.

MEMBERSHIP REPORTING:

It will be the responsibility of the treasurer to annually publish a financial report, which shall include a breakdown of revenues and expenses.  The treasurer should ask staff to publish an article in the newsletter reporting those figures.  The last year end financial statement is available to members upon request.

If a third party requests a copy of the Association’s Form 990 Federal Information Return, the President and Treasurer shall be notified immediately.  All such requests should be in writing and accompanied by a $20 reproduction and handling charge.

REIMBURSEMENT OF EXPENSES TO MEMBERS:

Every effort should be made to have the Association pay for expenses directly.

Requests for reimbursement must be received by the Association office within the earlier of 45 days after incurring authorized expenses or the end of the fiscal period.

Reimbursement forms for expenses submitted to the Association office for payment must be in compliance with the annual operating budget.