

NCASF AA Guide to Financial Management

February 2018

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I. Introduction

The Treasurer, in conjunction with the Budget & Finance Committee Chair, is responsible for overseeing and managing the Association's financial matters and shall keep the Executive Board apprised, on a quarterly basis, about the Association's financial status. The Treasurer receives and disburses funds of the Association under policies and guidelines approved by the Executive Board.

The Budget & Finance Committee Chair is responsible for preparing the annual budget, conducting the annual audit, and preparing recommendations for the Board. The Budget & Finance Committee Chair works closely with the Treasurer to ensure proper oversight of the Association's funds.

II. Purpose and Scope

The NCASFAA Guide to Financial Management addresses the financial management and investment procedures for use by the Association's Board of Directors, committee Chairpersons and committee members, with the following objectives:

- a. To provide guidelines and procedures that help ensure good management and safekeeping of the Association's financial resources and safeguard the Association against financial liability.
- b. To offer guidance to the office of Treasurer and to the Budget & Finance Committee Chair for effective administration of the Budget & Finances.
- c. To provide investment guidelines to help ensure financial stability.
- d. To describe parameters for planning and developing the operating budget.
- e. To identify ways in which financial practices may be evaluated objectively.
- f. To identify means by which financial practices will be reviewed.

As the Board of Directors has fiduciary responsibility for the Association, the Board is responsible for ensuring the Guide is reviewed and revised, if necessary, on an annual basis.

The Budget & Finance Committee will be comprised of the President, Treasurer, Treasurer-Elect, the Budget & Finance Committee Chair and additional volunteers from the membership.

III. Budget Planning and Preparation

- Copies of the prior year budget requests will be distributed to the incoming committee chairpersons at, or prior to, the June Transition meeting, as will copies of the prior year total budget vs. expenses.
- The Budget & Finance Committee Chair should lead a discussion at the June transition meeting regarding the budgeting goals for the next year. The goal is that the Association will be able to fund its annual expenses from its annual receipts. However, the reserve levels and the program goals for the year will influence decisions to try to balance the budget from operations, or, if necessary, to utilize reserve funds.
- Incoming committee chairpersons and officers, in cooperation with the outgoing chairpersons and officers, should recommend a budget for their respective committee or office for the upcoming year.

Budget request forms will be provided to the chairpersons for completion at, or prior to, the June Transition meeting.

- Committee chairpersons and association officers should refer to the NCASFAA Budget Guide on the website for a listing of the items to be included in each budget line. All conference related expenses are charged to the budget of the Conference Committee, unless there is a prior agreement between the Conference Committee Chair and the other committee chair or officer involved in the expensed activity or item.
- The President and the Budget & Finance Committee Chair will jointly prepare a budget for the upcoming year to cover Association business. This process begins at the transitional board meeting in June.
- The Budget & Finance Committee Chair will complete the draft budget to present to the Board at their first post-transition meeting. At that time, the Board approves an operating budget for the upcoming fiscal year (July 1st– June 30th). Any projected use of reserve funds for the year will require Board approval as part of the budget approval process.
- Throughout the year, as actuals are compared to budgeted numbers, it may be necessary to update the budget numbers if there are sizeable deviations in certain income or expense numbers, and a new budget plan is required to reflect an adjustment in the Association’s goals or activities. Any changes to the budget must be approved by the Board.

The prior year budget is the official budget for the Association until the Board approves a new budget. It is not intended, nor recommended, that the prior year budget be used any longer than the date of the first Board Meeting for the fiscal year, when a new budget can be presented for approval.

Budget guidelines:

During the budget construction process, a review of existing budget categories should be made to assess the need for additional categories or the change/removal of previously used categories. The previous year’s budget and corresponding itemization of expenditures may be used as a guide, with concentration on ways to reduce costs. Spending trends covering multiple years may be used to project funding needs.

To ensure adequate and detailed tracking of Association expenses, the Treasurer shall use a coding system to categorize expenses. (Typically the Treasurer works with the President and the Budget & Finance Committee Chairperson to establish budget categories.) To further facilitate tracking and analysis of expenditures, sub-categories may be used to provide greater detail of expenses. For example, the category “President” may have sub-categories of “travel” and “lodging” to help identify specific areas in which expenses are incurred. Standard budget categories and budget codes are illustrated in Attachment A.

IV. Cash Balance and Reserve Funds

The Association will maintain an operating checking account and a reserve funds checking account. A \$50,000 cash balance will be established in the Association’s operating checking account at the end of the fiscal year. Funds will be moved to the operating checking account from the reserve checking account or vice versa as needed, in order to start the new year at \$50,000 in the operating checking account.

The Association should maintain a reserve fund balance of no less than two times the cost of the most recent conference. Such funds may be comprised of checking, savings and investments, provided the funds are not intermingled with the Association’s operating checking account. The long term goal is to maintain a reserve balance equal to 150% of a typical fiscal year operating budget.

- The Budget & Finance Committee should review the cash balances and investments at least annually (quarterly is recommended, if possible) to determine the need for investment changes or whether certain investments should be liquidated.
- Cash balances in excess of the current FDIC (or NCUA if funds are deposited into a credit union) limit shall not be maintained in a single account.
- In any instance in which purchasing a CD is considered, approval of both the President and the Budget & Finance Committee Chair must first be obtained to complete the purchase. Authorization may be obtained via e-mail or fax.

Use of Reserve Funds

The reserve funds are intended to ensure the long term stability of the Association and to provide funding to meet the Association's financial commitments in the event of an unforeseen disruption in activities, such as might occur with a natural disaster, or drastic regulatory change.

However, there may be circumstances where reserve funds are at adequate levels, and the funds are better used to support current activities of the Association. The primary use of any excess reserve funds should be to support the needs of the members, with a major focus on training. Use of the reserves for conference expenses, and any special training needs, may also enable the Association to keep membership dues and conference fees affordable.

Examples of the types of activities that the reserve funds could be used to support are:

- Special events training programs for members at large other than what is offered at the conferences, such as regional workshops or webinars, where speaker or venue expenses may be incurred.
- Training for individual members, such as leadership training, or the Steven E. Brooks annual scholarship.
- Budget overages due to normal conference expenses and membership expenses where the Board elects to provide services that exceed the charges to members.
- Outreach programs or joint ventures with other partners promoting higher education.

Use of the reserve funds will require the following:

- Submission of a Request for Special Funding form by the funds recipient or NCASF AA Committee Chairperson.
- Whenever possible this request should be submitted as part of the annual budget process in June/July to the Budget & Finance Committee Chair, but it may also be submitted throughout the year as needs arise, by submitting it to the President and the Budget & Finance Committee Chair who will present it to the Board.
- As the Board approves the initial budget, the Board must approve any additional drawdown from the Reserve fund.
- The Treasurer will account for the use of funds from the Reserve fund so that it can be tracked and recorded, and will time the movement of actual bank monies to ensure that it occurs before the Association's fiscal year end.

V. Banking

The Treasurer shall establish and maintain the Association's primary financial account in a financial institution whose funds are insured by the FDIC. The costs of a checking account, including the costs of using the account (e.g., checks and other banking charges) shall be covered as part of the Treasurer's budget.

By signature on file with the financial institution, the President and Treasurer shall be jointly authorized to complete financial transactions and conduct business. The Budget & Finance Committee Chair may also be authorized, if so approved by the President.

A new checking account may be established every two years when the newly elected Treasurer takes office. However, it is recommended that an account be established at a bank with multiple branch offices, so the necessity of opening a new account is minimized. Considerations when opening this account include:

- Is the account interest bearing?
- Is a special checking account offered for non-profit organizations with a higher rate of interest?
- What are the service charge costs to be considered (costs to order new checks, deposit books, monthly service fees, etc.)?
- Is it possible for a copy of each monthly statement to be provided to the Budget & Finance Committee Chair (or is on-line access possible)?

Transfer of Banking Accounts

Coordination of the transfer of banking accounts between the incoming and outgoing Treasurers is important to avoid disruption in operation. Prior to July 1st, the Treasurer should:

- Add the President-Elect and the Treasurer-Elect as signers on the checking account and change the address on the account to the incoming Treasurer's address. The effective date of access to these funds shall be no earlier than July 1st. The Budget & Finance Committee Chairperson may also be added as a signer at the President-Elect's request.
- Pay as many expenses as possible prior to the June 30 year-end to reduce the amount of prior year debt to be carried forward to the next fiscal year.
- Prepare a preliminary year end budget summary.
- Provide access to the on-line accounting system to the new Treasurer or Treasurer-Elect, President, the incoming Budget & Finance Committee Chair, and the Association's accountant.

On or after July 1st:

- The past Treasurer sends an up-to-date copy of the on-line accounting system to the new Treasurer and to the incoming Budget & Finance Committee Chair.
- The new Treasurer receives the first post-July 1st bank statement and reconciles the account, reporting the results to the President and the Budget & Finance Committee Chair
- The new Treasurer issues a final year end budget summary based on the data received from the past Treasurer. A copy of the account file for the period ending June 30 is sent to the Budget & Finance Committee Chairperson and to the archivist.

VI. Audit and Accountability Standards:

To ensure the financial stability of the Association, it is imperative that measures exist to verify income and expenditures and to prompt early detection of errors. To provide an adequate audit trail, all income, expenditures and adjustments should be tied to at least one of the following supporting documents:

- Expense (reimbursement) forms including receipts, where appropriate;
- Invoices from exhibitors and service providers;
- Electronic records of registration and membership payments;

- Electronic records of exhibitor contributions;
- Written receipts for cash advances;
- Bank statements indicating interest income;
- Canceled checks.

Proper safeguards should be in place to prevent misuse of funds. These include, but are not limited to:

- Daily cash reconciliation at the Conference(s) by both the Treasurer and the Budget & Finance Committee Chair.
- An annual financial review of records. This usually occurs in autumn.
- At least twice a year the President or Budget & Finance Committee Chair shall perform a periodic review of the investment accounts by contacting the appropriate financial institution(s) to verify the status and balance of each account. Such reviews shall be documented and the results reported to the Board as a part of the Budget & Finance Committee Chair's report to the Board.
- Written receipts required for any cash or checks received with a copy of the receipt retained for corporate records.
- Verification that the President or Budget & Finance Committee Chair is aware of all expenses reimbursed to or paid on behalf of the Treasurer.
- Requiring signature of the responsible Committee Chairperson for reimbursements made to members of the committee.
- Both the Budget & Finance Committee Chair and the Treasurer have access to the on-line accounting system.

Annual Review

The annual audit should be conducted by the full Budget & Finance Committee; however, it may be conducted with three members present. (See Section 3.2.2 of the Policies manual.) The review will consist of a sampling of receipts with deposit slips, invoices or reimbursement requests with checks, and a thorough examination of the bank statements and check book to verify the appropriate reconciliations have taken place. In addition, statements of other investment and/or savings accounts should be readily available for review.

VII. Investments

Proper selection of investments is important to ensure that funds are not placed unnecessarily at risk. The factors to be considered when selecting an investment are protection of principal investment (government insurance), liquidity, minimization of risk, and yield. Additionally, investments that jeopardize the tax- exempt status of the Association must be avoided.

Normally, the Association elects short-term investment opportunities such as a Certificate of Deposit (CD), to provide liquidity of funds with minimal or no monetary loss for early withdrawal. A CD shall be the primary source of short-term investment of NCASFAA. No single CD shall be greater than \$100,000.

CD's are typically selected with either a 6 or 12-month maturity. This helps ensure the necessary liquidity and provides the opportunity to roll over the CD into a higher yield CD, if available. Long-term CD's, which bear maturities of no less than 18 months nor greater than 60 months, may be purchased, but are not recommended due to the loss of liquidity.

In addition to Certificates of Deposit, another separate checking or savings account for Reserve funds may be useful for easy access and liquidity, enabling funds to move back and forth between the Association's regular checking account and the Reserve funds.

The Treasurer shall retain statements from financial institutions, which contain the investment amount and earnings. At least once a fiscal year the President and Budget & Finance Committee Chairperson shall perform a periodic review of the investment accounts by contacting the appropriate financial institution(s) to verify the status and balance of each account. Such reviews shall be documented and the results reported the Board as a part of the Budget & Finance Committee Chairperson's Report to the Board.

Safekeeping Investments

The following practices should be observed in order to protect the assets of the Association.

- All NCASFAA accounts should be held in institutions guaranteed by the FDIC.
- Paper Certificates of Deposit must be kept in a secure fashion, with copies available to the Budget & Finance Committee Chairperson, the President and the Treasurer-Elect.
- Electronic copies of Certificates of Deposit are maintained by the financial institution that holds the asset.

VIII. Disaster Recovery

The Treasurer informs the President and the Budget & Finance Committee Chairperson at the beginning of the fiscal year of the checking account and savings account balances, account numbers and the amount of each investment. The Treasurer will update this information on at least a quarterly basis or when a Certificate of Deposit matures and/or when a new Certificate of Deposit is opened. The Treasurer shall also include a contact name, address and telephone number at the financial institution for each investment.

In the event of incapacitation of the Treasurer, the President shall fill any vacancy for the remainder of such term by appointment, with confirmation by majority vote of the Executive Board. (Refer to Bylaws Article XIII Section 5).

IX. Conferences

Conferences are a major financial obligation of the Association and, as such, include many areas in which cooperation of and coordination by the Treasurer are needed.

General Preparation

Preparing for any conference or special meeting of the Association requires active participation on the part of the Treasurer. This includes, but may not be limited to, the following:

- Receive a copy of the contract from the hosting facility; this contract is to be reviewed by the Treasurer, the President, the Site Selection Committee Chairperson, and the Budget & Finance Committee Chairperson prior to presenting it to the Board. The President's signature, or his/her designee's, is required on all contracts.
- Obtain and complete an application for credit (where available) with the facility to allow direct billing for expenses incurred during the meeting. This should be completed at least 30 days prior to the meeting.
- If the meeting is taking place in a state in which tax exemption has been approved, the Association's tax exemption form should be filed with the facility. The tax exemption certificate should be filed with the facility a minimum of 30 days in advance of the meeting.
- Review the contract with the facility for an understanding of all financial obligations and facilities requirements for billing and payment of charges requirements.
- Review conference expenses to ensure the Association is appropriately charged for lodging expenses for NCASF AA sponsored members.
- Refer to the Policies and Procedures manual and Executive Board minutes to determine who is authorized to receive fee waivers, complimentary accommodations, etc.

Registration Management

The Treasurer normally assumes responsibility for coordinating on-site conference registration. Members of the Membership Committee may assist the Treasurer with these duties. These duties include:

- Coordination with the Membership Chairperson to establish procedures for the handling of both pre-paid and balance due registrations
- Establish procedures for the handling of on-site registrations
- Forward all registration forms to the membership chair to maintain a database of all registrants, including address and contact information, fee(s) paid, and record of check number and payment date
- Reconcile the Treasurer's database of total fees paid with information tracked by the Membership Chairperson
- Coordinate registration information with the Conference Chairperson
- Establish procedures for the receipt of cash and checks at the conference site, including the safe keeping of funds.
- Reconcile receipts daily with the assistance of Budget & Finance committee members
- Deposit daily receipts in a safety deposit box at the hosting facility

X. Contracts and Agreements

The Treasurer may be responsible for negotiating and obtaining certain contracts and agreements on behalf of the Association necessary for NCASF AA business, planned activities and meetings. The Treasurer, the President, the Budget & Finance Committee Chairperson and the Site Selection Committee Chairperson should review all contracts prior to signing. All contracts and agreements financially obligating the Association require the signature of the President or of his/her designee.

Music Contracts

Public performance of copyrighted music requires permission from copyright owners or their licensing agents. To legally cover the Association from copyright infringements and liabilities for the use of live or recorded music, NCASF AA will submit licensing agreements and fees as required by the American Society of Composer, Authors and Publishers (ASCAP) and Broadcast Music, Inc. (BMI). Such

agreements are normally filed with ASCAP and BMI during January of each year to cover Association activities for the full calendar year.

Information and/or agreements can be obtained by contacting:

ASCAP	1-800-669-4264	www.ascap.com
BMI	1-800-627-9805	www.bmi.com

Bonding of Officers

The positions of President and Treasurer shall be bonded at NCASFSA expense, in an amount determined by the Executive Board. Such bonding normally takes place in June of each year, covering the incoming officers. If any other Board members are authorized to sign checks (e.g. Budget & Finance Committee Chairperson or Treasurer-Elect) they are also to be bonded.

Bonding is currently contracted through:

CNA Insurance Company

XI. Expense Guidelines – General

Two approval signatures are required on every expense voucher processed by the Treasurer. In most cases, the required signatures will be of the Committee Chair and the President. When the expense is incurred by the President, the voucher will require the approval signatures of the President and President-Elect.

The President may authorize the Treasurer to pay bills that exceed budgeted line items upon review of a written explanation from the Committee Chair or Officer submitting the voucher, that explains the reasons for the overrun. However, if the overrun is in any of the President's budget categories, payment for such must be approved by the President-Elect and the Budget & Finance Chair.

It is the responsibility of the Treasurer to notify the Budget & Finance Chair when the overrun occurs, and to subsequently report all instances where expenses have exceeded budget at the next Executive Board meeting following the date the excess occurred. The Budget & Finance Chair will then make recommendations about whether any changes to the budget are necessary. If so, a new budget would be presented to the Board for approval.

XII. Credit Cards

The Treasurer shall secure major credit cards for official NCASFSA business for use by the elected officials. The number of cards to be obtained will be determined by the President, but should not exceed six cards. The limit on a corporate card should not exceed \$50,000.

NCASF AA uses credit cards that accumulate travel points and rewards to reduce those expenditures for the association.

All expenses charged to credit card must be reported by the user using an expense claim form and must be submitted to the Treasurer within ten (10) days from the date charges were incurred.

Each cardholder shall surrender his/her card to the Treasurer within ten days of the expiration of his/her term of office or at the request of the President or the Treasurer. In NO instance may an Association credit card be used to pay non-Association related expenses. To do so may jeopardize the Association's non-profit status with the IRS.

XIII. Waived Expenses

In certain occasions, it is appropriate to waive expenses of members or guests of NCASF AA. Following are specific instances in which expenses may be waived:

- Membership dues for honorary members of NCASF AA.
- Membership dues or registration fee to individuals who serve as invited guests of the Association, provided authorization to waive expenses is documented and provided by the President. Examples of this include, but not limited to, guest speakers at conferences and/or workshops.
- Late registration fees for the annual conference and the New Aid Officer Workshop or other functions requiring a registration fee, at the discretion of the President.
- Conference registration fees may be waived for the President, Treasurer, Treasurer-Elect, Conference Chair, and the individual responsible for audio-visual equipment set up during the conference.

Any waiver of expenses must be documented with an explanation of the expenses being waived and the reason for granting the waiver. The President must approve all waivers.

XIV. Receipts Processing

To ensure prompt and accurate processing of funds received to be deposited to the NCASF AA checking account, the following procedures are recommended:

- All checks received are stamped "For Deposit Only" immediately upon receipt.
- Receipts should be provided upon request.
- Batch deposits on a regular basis. It is recommended that a separate deposit be made for different types of receipts, e.g. registration payments and vendor payments. If combined, appropriate notations should be made on the receipt for future reference and ease of sorting for posting to appropriate ledger categories.
- Post deposits to the NCASF AA accounting ledgers based on the appropriate income category.

XV. Meetings Requiring Treasurer Attendance

To facilitate the financial obligations of the office of Treasurer, and to serve the needs of NCASF AA, the Treasurer is required to attend certain meetings. Exception to the Treasurer's attendance may be

granted by the President, provided circumstances warrant non-attendance. Following is a list of required and suggested meetings that the Treasurer should attend:

- Executive Board
- Conference Committee (as directed by President)
- New Aid Officer Workshop planning sessions (suggested)
- Annual conferences
- Annual financial review
- Leadership symposium
- Others, as needed or determined by the President or the Board.