

North Shore – Barrington Association of REALTORS® Financial Procedures Policy

The Financial Procedures Policy is approved by the Board of Directors and is to be revised annually upon recommendations of staff and the association accountants. The following procedures are for all three corporations, North Shore – Barrington Association of REALTORS®, North Shore – Barrington Multiple Listing Corporation, North Shore – Barrington Product Development Corporation.

Financial Procedures Policy:

The Policy of the North Shore - Barrington Association of REALTORS® (Association) is to maintain financial procedures and controls to allow the Board of Directors and staff to carry out the financial business of the association in the most prudent and effective manner, allowing flexibility for unpredicted events.

The association has recognized the need to establish procedures for effective and reasonable controls, as well as handling various areas of the financial process of the association so as to assure the most accurate and ethical handling of the financial affairs of the association.

Receipt and Processing of Money:

Mail is opened on a daily basis by one staff member. Members are discouraged to give cash and a notice of no cash is at the front of the office. All mail containing cash, checks, or credit card information is collected and then given to the bookkeeper to record in Rapattoni and prepare the deposit slips.

Order and Receipt of Goods:

A purchase order must be obtained before ordering or purchasing any product or service. The purchase order must have the appropriate authorization signature(s) before it is valid. This system is necessary to make sure that spending is kept within budgetary guidelines. Purchase orders may be obtained as follows:

Computer Software/Hardware: To purchase computer software or hardware, a purchase order must be obtained from the CEO.

General Office Products and Equipment: A purchase order must be obtained from the Deputy assistant. Upon receipt of goods, the purchase order must accompany any receipt and/or packing

Education Course Expenses: For payment of instructor fees and education course expenses, purchase orders can be obtained directly from the CEO. Proper documentation must accompany all requests.

In the absence of the CEO, the Deputy Assistant can issue necessary purchase orders.

Staff Credit Card Purchases:

Staff members may use the company credit card for approved purchases of goods and services. A purchase order must be obtained prior to credit card purchases, and a receipt and credit card form must accompany the purchase order to the CEO for payment.

Some employees of the Association will receive credit cards for payment of travel expenses. The credit card should be used for as many expenses as possible. Receipts are to be attached to an appropriate expense form and turned in to the CEO within 7 days after the employee returns from travel. Any employee issued an association credit card must account for all expenses charged to the account. No personal charges are to be made on the Association's credit card.

Volunteer Credit Card Purchases:

Key officers of the Association (Chairman of the Board and Chair Elect) may be issued Association credit cards as a convenience. Only expenses associated with Association business are to be charged to the account. No personal charges are to be made on the Association's credit card. Proper receipts must accompany expense reports to be submitted to the CEO within 30 days of the event. Failure to submit such expense reports within a 30 day period will mean that the officer concerned will be required to treat the reimbursed expenses as income and IRS Rules require the issue of a 1099 form at year end. See the attached Travel and Expense Reimbursement Policy (Attachment A) for additional details.

Bank Reconciliation Procedures:

When bank statements are received in the mail, they are to be personally delivered to the CEO unopened. The CEO opens and reviews all statements and cancelled checks for inaccuracies and to check signatures. Once the review is complete, the CEO gives them to the accountant's in box. In the absence of the CEO, the review should be executed by the Treasurer.

When received by the accountant all banks statements are to be reconciled with Association records within 48 hours of receipt of the statements, unless meetings or absence cause a delay. All bank statements should be reconciled with computer records, with deposits and check registers as back up.

Monthly Financial Reports and Balance Sheets:

All bank statements should be in the office no later than the 13th of each month. Immediately after completion of all bank reconciliations, the financial reports and balance sheets should be completed within 48 hours. This information should be shared with the CEO and the Treasurer immediately upon completion.

Processing of Check Runs:

Checks will be run for the Association no less than twice a month. Weekly check runs will be completed if the need arises. The CEO is to encode all invoices and requests for checks with the appropriate General Ledger account number(s). Next the accountant enters the invoices into the accounting system and prints the checks. After matching the checks with the appropriate back up, the checks are taken to the CEO for signing. Checks require two signatures. The three officers and the CEO are eligible to sign checks. The CEO signs the checks. Signed checks and back up are given to the receptionist for dissemination.

Once checks are disseminated, all back up and check copies are to be filed in the proper files in the accountants office.

Fixed Assets:

Fixed assets are capitalized at historical cost and depreciated by use of the straight-line method of depreciation over the estimated useful lives of the assets which range from three years for computers, five years for furniture and equipment to thirty-one and one half years for the building. The accountant will maintain an Inventory of all Fixed Assets valued at \$100 or more. All purchases of fixed assets are to be recorded in the Inventory, showing the name of the asset, serial number, where applicable, date of purchase and location. The accountant will complete a detailed inventory check of all fixed assets during the month of June each year. Write-off of fixed assets will be carried out as necessary and no less than annually June. The CEO must approve all write-offs, including those write-offs involving the sale of fixed assets such as redundant computer equipment.

RPAC Financials Procedures:

Procedures for this entity follow the same procedures as those for the association, with certain differences. Associations are required to record separately all personal and corporate contributions. RPAC contributions included in dues should be deposited into a separate account, with records maintained indicating whether the check received was either corporate or personal. In such cases, when a check is

submitted to IAR., it must be accompanied by a detailed breakdown of all deposits showing personal and corporate contributions separately and listing the names of all contributors with amounts given. Checks for \$50 or more must be deposited within 10 days of the date of the check. These deposits can only be in IAR RPAC account. This is a Federal law requirement. Procedures for incoming monies, bank statement reconciliation, and preparation of financials are the same.

Annual Audit Timelines and Procedures:

The Association has a fiscal year beginning July 1 and ending June 30. An outside audit team from the Association's accounting firm will begin preliminary auditing during the month of June. Sampling of deposits and check runs will begin, and any preliminary set up deemed necessary by the auditors will begin.

Auditors are to be given access to the association building and all records. They may leave items in the office and use it to best suit their needs for the duration of the audit.

Staff members are to make themselves available to the auditors on an as needed basis to answer questions and provide any necessary documentation and explanations.

Bound copies of the final audit are to be presented to Finance Committee at the first meeting following receipt of the audit report.

All tax forms are to be completed by the audit team and provided to the Association prior to the filing date.

Budget Timelines and Procedures:

The budget for the association is based on a zero bottom line. June 1st of the current year begins the budgeting process for the following calendar year. Staff is to review the prior year ending figures and the current year's figures to date and best estimate the income/expenses for the following calendar year. The CEO will compile all information into budget form and present to the staff for review and changes. Once the staff is comfortable that the figures they have given are correct, the tentative budget is reviewed with the Finance Committee.

Finance Committee reviews the proposed budget and makes any changes they deem necessary. Once the Finance Committee approves the budget then it is taken to the Board of Directors for final approval. The budget must be approved before the end of the fiscal year.

Changes in the budget can be approved by the Finance Committee, subject to maintaining the bottom line.

Contracts and Service Agreements:

All contracts and service agreements entered into in the name of the Association must be reviewed by the association attorney prior to signing, and must be signed by the CEO or corporation secretary. No other staff member has the authority to enter into agreements in the name of the association.

Service contracts for the Association should be reviewed on an annual basis, and bids should be sought for any coming up for renewal. All service agreements are kept in the accountants office in the permanent files.

Investment Policy:

The Investment Policy of the association is administered by the Finance Committee.

The CEO, accountant and Treasurer have joint authority for day to day investment decisions, based on the following specific guidelines:

Short Term Investment Policy: Funds to be invested in nationally recognized Money Funds, Treasury Notes and C.D.s with a maximum investment of \$100,000 per Banking Institution for C.D.s.

Medium Term Investment Policy: Funds to be invested in medium to long term C.D.s.

Reserve Policy:

The policy of the association is to maintain sufficient funds in reserve accounts to allow the Leadership Team and staff to manage the finances of the Association prudently and with the flexibility necessary to accommodate unpredicted changes in income levels.

In accordance with ASAE guidelines the association should maintain in reserve accounts between 25% and 100% of its annual operating budget.

Finance: There is a two (2) percent per month charge on all late (over 30 days past due) charges of any kind throughout the year except for payment of dues, in which case the late charge is \$25 per month, assessed 31 days after the due date. Charges continue until official written notice, fax or email has been received by the office to drop the member/licensee. Phone calls from offices or members to drop will be accepted, however, a follow up letter or email must be received within 30 days or charges will resume. To avoid charges for an additional month, written notices of drops (from the office) must be received prior to 3:00 p.m. on the last business day of the month. Dues are never refunded.

- Dues and initial fees are to be collected at time of application.
- No installment payments are allowed.
- Two signatures out of the four authorized signatories are required on all checks issued by the Association. The three officers and the Chief Operating Officer are signatories.
- The NSBAR is to reimburse expenses to send the North Shore - Barrington REALTOR® of the Year to the IAR REEF banquet.
- The NSBAR is to pay for the maximum coverage for E & O Insurance offered through NAR blanket policy for the Board, Board of Directors, Officers and staff.
- Final notice of suspension letters are to be sent return receipt requested.
- Payment for items with a total cost of less than \$250 is to be made in the year purchased instead of being capitalized and depreciated.
- A write-off shall be charged direct to bad debt expense when a customer's account is determined to be uncollectible.
- Annual dues statements are to be mailed out in December of each year.
- CE class fees for members are \$39 per three-hour class unless the speaker's fee warrants a higher charge. An IAR member who is not an NSBAR member is to pay \$54. A non-Realtor® is to pay \$69.
- All registration fees for any NSBAR-sponsored program is to be higher to non members, unless prohibited by State rules.
- MLC rent to NSBAR is to be calculated by the Auditor with final approval of the Executive Committee.
- **Financial Statement Preparation and Distribution:** It is the policy of the organization

to prepare and distribute statements to the Board of Directors and the chief CEO.

Filename: Financialpolicy.doc
Directory: C:\Documents and Settings\Administrator\Desktop
Template: C:\Documents and Settings\Administrator\Application
Data\Microsoft\Templates\Normal.dot
Title: South Carolina Association of REALTORS®
Subject:
Author: Sylvia Williams
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Comments:
Creation Date: 6/29/2005 12:26:00 PM
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