



Financial Policies & Procedures Manual and Guidelines

POLICY STATEMENT:

The Metrocrest Chamber of Commerce (the Chamber) is committed to responsible financial management. The entire organization including the Board of Directors, President and staff will work together to make certain that all financial matters of the organization are addressed with care, integrity and in the best interest of the Chamber.

The manual and guidelines contained in this handbook are designed to:

- Protect the assets of the Chamber;
- Ensure the maintenance of accurate records of the Chamber's financial activities;
- Provide a framework of operating standards and behavioral expectations; and,
- Ensure compliance with federal, state, and local legal and reporting requirements.

The President of the Chamber has the responsibility for administering these policies and ensuring compliance with procedures that have been approved by the Board of Directors. Exceptions to written policies may only be made with the prior approval of the Governance Committee. The Board of Directors may approve changes or amendments to these policies at any time. A complete review of the policies shall be conducted every two years.

Of the principal fiduciary obligations/duties owed by the President, Administrator and Board of Directors (henceforth referred to as "Directors") to the Chamber is their *duty of care*. *Duty of Care* refers to the obligation of the Directors to exercise the proper amount of care in their decision making process. *Duty of Care* involves determining whether the Directors act (1) in "good faith", (2) with the level of care that an ordinary prudent person would exercise in like circumstances, and (3) in a manner that they reasonably believe is in the best interest of the Chamber.

Every Director and Administrator with financial related responsibilities is expected to be familiar with and operate within the parameters of these policies and guidelines.

LINE OF AUTHORITY

A system that clearly outlines who has the authority and responsibility for the financial assets of the organization and provides guidelines for handling and controlling their accumulation and consumption

Board of Directors

Has the authority to execute any policies it deems to be in the best interest of the organization within the parameters of the organization's articles of incorporation, bylaws, or federal, state and local law.

Governance Committee

Has and may exercise, when the Board is not in session, all of the powers of the Board of Directors in the management of the organization except the authority to amend the bylaws, adopt a plan of merger or consolidation; or sell, lease, exchange, mortgage, pledge or make any other disposition of all or substantially all of the property and assets of the organization.

Finance Committee

Has whatever authority as may be designated by the Board of Directors. Furthermore, the Finance Committee has the authority to, perform regular, in-depth reviews of the organization's financial activity; oversee the development of the annual budget; and determine the allocation of investment deposits. The Finance Committee will recommend an external auditor, when and if the need arises.

The Finance Committee as delegated by the Governance Committee has the responsibility to establish the objectives and to designate others within the organization to carry out the objectives set forth.

President

Has whatever authority as may be designated by the Board of Directors. The President will have the authority to make spending decisions within the parameters of the approved budget; employ and terminate personnel; determine salary levels; create, and amend operating procedures and controls; make decisions regarding the duties and accountabilities of personnel and the delegation of decision-making authority; enter into contractual agreements within the board designated parameters.

The President is responsible for the ongoing management of invested funds including acting as the primary contact with banks, investors, or any financial institutions, reporting directly to the Governance Committee.

Indemnity Policy

To the full extent that it shall have from time to time under applicable law and in the manner from time to time prescribed or permitted by applicable law, the Chamber may indemnify any past, present or future Director, Officer, Employee or his Agent against all costs, expenses and liabilities, including attorney fees, actually and necessarily incurred by or imposed upon them in connection with or resulting from their involvement with the Chamber.

No such reimbursement or indemnity shall relate to any expense incurred or settlement made in connection with any matter arising out of their negligence or misconduct as determined by a court of competent jurisdiction or, in the absence of such a determination, by the Chamber acting on the advice of counsel.

The Chamber shall purchase and maintain insurance on behalf of any person who is or was serving at the request of the Chamber, as a Director, Officer, Employee, Agent, Staff Volunteer or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such.

FINANCIAL CONTROLS AND OPERATING PROCEDURES

Financial policies and procedures shall ensure that management complete their collective financial duties under the least amount of risk. These financial procedures shall be guided by an accounting concept called internal control. Internal control is defined as a process “effected by an entity’s board of directors, management and other personnel designed to provide reasonable assurance regarding the achievement of objectives” in the following categories:

- Reliability of financial reporting
- Effectiveness and efficiency of operations, and
- Compliance with applicable laws and regulations
- Safeguard of Assets and Records
- Fiduciary duty and explanation.

ACCOUNTING METHODS

It is the policy of the Chamber to utilize the cash basis of accounting for financial statements that recognize income when cash is received and expenses when payments have been made, with the exception of recognizing income from the major municipalities on the accrual basis to more closely reflect the “matching concept”. If audited, the annual audited financial statement will be done on this modified cash basis of accounting using Generally Accepted Accounting Principles.

AUDITS

At the Board’s request, an annual audit may be conducted on all accounts of the Chamber. The Audit shall be overseen by the Finance Committee, chaired by the Board Treasurer. The audit results shall be reported to the Finance Committee, Governance Board and Chamber Board of Directors.

BARTERING

It is the general policy of the Chamber to prohibit entering into bartering agreements with members whereby dues are foregone in exchange for goods and services provided by the member.

Any bartering agreement in any form must be approved by the Governance Committee.

BID REQUIREMENTS

When possible, it is the policy of the Chamber to require bids for the following expenditures and to make an effort to allow ALL qualified Chamber members to bid, if possible:

- PRINTING: Three (3) written quotes are required for all printing expenditures exceeding \$500
- CAPITAL PURCHASES: Three (3) written quotes are required for all Capital Purchase exceeding \$1,000.
- PROFESSIONAL SERVICES: Professional services, including CPA firms and law firms, will be evaluated every three years and requests for proposals will be prepared and sent to qualified member firms.

BALANCED BUDGET REQUIREMENT

The President and the Treasurer shall develop and submit to the Board a proposed balanced budget for the upcoming year no later than November Board's meeting. The Board shall consider the proposed budget no later than the December Board meeting. Reasonable effort should be made to adopt an approved budget prior to and to be effective the 1st day of January each year. In the event the budget has not been approved on or before the 1st day of January of any year, the previous year's budget shall be utilized until the board approves the current year's budget.

After approval of the budget by the Board of Directors, it shall be the responsibility of the President to supervise receipts and make disbursements within limits set by the budget. Variations from the fixed budget shall have the Governance Committee approval pending final adoption by the Board.

No membership investment paid into the general fund shall be earmarked for any Chamber department or activity

All membership investments shall go into the general fund and appropriations for activities and departments shall be made on a basis of need rather than upon any percentage share of the budget.

The general budget is prepared by the President for presentation to the Finance Committee and approval of the Chamber Board. When so prepared and approved, it governs the expenditures of the Chamber for the ensuing year.

The general budget, once approved by the Chamber Board and all details concerning the receipt, disbursement and supervision of the Chamber's funds are the responsibility of the President with oversight of the Treasurer and Finance Committee.

No advances may be made by the Chamber general fund to a special Chamber fund, except with authorization from the Chamber Board.

When, as a matter of general practice, a special Chamber fund is planned, no obligation is incurred for the use of such special fund until the raising of such fund is actually completed.

Only duly authorized officials may sign checks for the Chamber financial accounts which consist of the Chairman, Treasurer and President of the Chamber.

BANK RECONCILIATIONS

It is the policy of the Chamber to address bank statements to the President who will do an initial review of checks and deposits that cleared during the current month. Once all monthly financial records are received, the Chamber will forward the financial information to the CPA to conduct a review of the quarterly reconciliation, which is performed monthly by the bookkeeper.

BILLING AND RECEIVABLES

The bookkeeper prepares all invoices on a timely basis. Prior to mailing the billing/invoices, the billings are reviewed by the President.

Invoices are to be sent on or before the 17th day of the month for all invoices generated in the previous month. Invoices will state a due date for the fee.

The President prepares a status report on all outstanding receivables on a monthly basis and submits the report to the Finance Committee and Board.

The President initiates collection procedures as outlined below on all invoices older than 30 days unless otherwise approved by the Chairman of the Board.

All receivable records are maintained in a locked file cabinet located at the Chamber offices.

BAD DEBT PROCEDURES

It is the policy of the Chamber to ensure all available means of collecting accounts receivable, as defined by the governance committee, have been exhausted before write-off procedures are initiated by a completed Accounts Receivable Write-Off Request Form.

Members reinstated after bad debt will be extended future credit only if the bad debt, plus accrued collection fees, is paid and the client has successfully completed a 90-day cash-on-delivery probation period.

A listing of all write-offs for the month is to be included with the monthly financial statements reviewed by the Chamber Board.

Collection of Past Due Invoices for Membership Dues: All membership dues invoices are to be sent by the 17th of the month. The following procedure is to be utilized:

- 30 days past due: send a copy of the statement along with member statistics
- 60 days past due: send copy of invoice along with a call from the President, or designee, to see if there is any problem that can be addressed; Send, scan or fax an additional copy of invoice, if requested. All future commitments and or sponsorships agreed upon between member and chamber shall be suspended until account is brought current.
- 90 days past due: send copy of invoice along with “over 90 days” letter and drop member.

Collection of Past Due Invoices for All Other Chamber Receivables: All invoices are to be sent by the 17th of the month. The following procedure is to be utilized:

- 30 days past due invoice: send a copy of the invoice with a hand-written request to pay;
- 60 days past due invoice: a copy of the invoice will be sent; the President or designee will call the member requesting payment
- 90 days past due invoice; a copy of the invoice will be sent; the Chairman of the Chamber will contact the member to discuss payment
- 120 days past due invoice; the account will enter the account receivable write off procedure.

An account, whether for Membership or Other Services Rendered will be written off:

- When all collection action is exhausted. The Finance Committees will approve the write-off of accounts at a regularly scheduled meeting. A report of written off accounts will be presented to the Chamber Board during a regularly scheduled meeting.

Once written off and for future reference, a notation will be place in the members account describing the write-off occurrence.

CASH DISBURSEMENTS

The President shall ensure the secure physical access to un-issued checks. Checks shall be pre-numbered and issued sequentially.

The President approves check requests after comparing to supporting documentation. The bookkeeper prints the pre-numbered checks only with approved requests. The unsigned check, support and requests are presented to authorized check signers for their signatures. Any checks outside of pre-approved, routine and reoccurring expense items for amounts over \$2,500 need a second signature.

The President will be responsible for obtaining the second signature from an authorized Board Member.

All disbursements, except petty cash, are made by check and are accompanied by supporting documentation.

All expenses to be incurred, including travel, must be included in the current budget and/or approved by the President. Travel will be reimbursed for the least expensive direct method route.

All voided checks must be defaced and retained either on the check stub or with cancelled checks.

A petty cash account is maintained. The amount of petty cash is \$100. Vouchers are required for all petty cash disbursements. The petty cash fund is reconciled (beginning amount less voucher amounts) before the fund is replenished. Checks are written only after an approved check request has been presented.

Cash disbursements shall be posted to general and accounts payable ledgers immediately.

The use of post-dated checks, check payable to bearer or cash, and pre-signed blanks checks is prohibited.

Separation of Duties

- The check signer(s) must not be the person who writes the checks or who does the bookkeeping
- Bank statements are reconciled monthly by the bookkeeper, and reconciliations are reviewed quarterly by someone other than the check signer or writer

CASH RECEIPTS

A different employee shall be assigned for each of the following tasks:

- Opening the mail and listing the receipts
- Posting the accounts receivable

All cash received from any event or program is to be counted separately by two individuals and the amount written and signed off by each on the cash envelope.

All checks are stamped with “Deposit Only” stamp immediately upon receipt.

All cash receipts are recorded on pre-numbered duplicate receipts. Copies of all receipts are given to the bookkeeper, who prepares the detailed cash listing to be posted to the general ledger (amount, date received, account number, etc.) All cash collected at registrations tables for events/functions shall be the responsibility of the President or their designee to transport the cash back to the Chamber.

This listing is compared to the cash journal to ensure all postings equal amount deposited.

A copy of the check, a copy of the deposit slip from the bank is compared and attached to the corresponding receipt copies and cash listing and retained for accurate record keeping.

Credit Card payments are to be handled exclusively by the designated staff and the credit card number should be blacked out after the transaction is complete (if applicable). All credit card information will be secured.

CHECKS RETURNED FOR NON SUFFICIENT FUNDS (NSF)

In an effort to be fiscally responsible without causing undue hardship to our members, the Chamber will accept checks for fees and services providing sufficient funds are available to support those checks. If a check is returned for any reason by a financial institution, the following steps will be taken:

- The member will be contacted to determine if the check is valid
- The Member will be given an option to submit a replacement check.
- If a check is returned a second time, it will be returned to the member with notification that only cash or credit card will be accepted to satisfy the obligation.

Any fees associated with a non-sufficient fund will be passed on to the member.

CHAMBER MANAGEMENT & CONTROL

All income of the Chamber shall be deposited into a member financial institution insured by the FDIC (Federal Deposit Insurance Corporation), or NCUA (National Credit Union Administration).

Monies deposited in any one institution shall not exceed FDIC/NCUA limits.

Type of Accounts: The Chamber shall have the following accounts, as approved by the Board:

General Operating Account shall be a checking account opened by the President at a member financial institution, insured by the FDIC/NCUA and approved by the Chamber Board.

Investment Account(s) [See Investment Policy] may be established by the President with approval of the Board to invest cash not required for operations. Investments shall be limited to savings accounts, money market accounts, certificates of deposit, and governmental securities. The priority for investment criteria shall be (1) security, (2) liquidity, and (3) rates of return.

All accounts of the Chamber shall be in the name of “Metrocrest Chamber of Commerce”

All expenses except specific exceptions allowed by the Treasurer shall be paid by check.

CHART OF ACCOUNTS

It is the policy of the Chamber to maintain a chart of accounts. All employees involved with accounting coding responsibilities or budgetary responsibilities will be issued a chart of accounts, and the chart of accounts will be updated at annual budget time.

OPERATING PROCEDURES:

The President shall appoint a bookkeeper with primary responsibility for designing and maintaining the accounting system. Other staff as designated may provide bookkeeping support. Monthly reports shall be made to the President, covering, at a minimum, receipts, disbursements, receivables and payables.

The **President** will be required to include budget comparisons in periodic financial reports to the Finance Committee and monthly to the Board. Standard Journal Entries shall be reviewed by the President for reasonableness and approved for posting to the general ledger.

The **Finance Committee** will be required to provide semi-annual budget reviews and annual reviews of the adequacy of insurance coverage.

Conflicts of Interest

No employee in a position to recommend or influence purchasing should hold an interest in any company from which the Chamber makes purchases when such interest would be sufficient to influence decisions.

Prohibited Expenses

The Following expenditures are not eligible for credit card charges or expense reimbursed requests unless prior written approval by the President is received (unless it is the President seeking approval, then Board approval will be required):

- Spousal Travel on a business trip
- Unauthorized entertainment of peers while out of the area
- Excessive expenditures for alcohol at Chamber functions on while representing the Chamber.

Cash Advance for business trips may be obtained with authorization from the President and if for the President, authorized by the Chairman. All cash advances shall be reconciled against actual expenses within a reasonable time following the business trip.

Records Retention and Destruction

It is the policy of the Chamber to retain records as required by law and to destroy them when appropriate. The destruction of records must be approved via a Destruction Request Form. Once the records have been destroyed, a copy of the Records Destruction Request Form will be included in the Chamber's Records Destruction Log.

Safeguarding of Assets and Physical Controls

The President has the responsibility for the physical security of assets. The President shall ensure that a copy of all financial information is backed up and always kept at an offsite secure location, or electronically via cloud-based capabilities with redundancy back-up and security documented from vendor. President shall ensure all necessary risk management step are taken to ensure the safety of all financial information related to the Chamber and its employees.

INVESTMENT POLICY

Investment Policy Statement

The Chamber will be good stewards of its members' funds and maximize its return. At the discretion of the Board and the President of the Chamber, monies may be put into an investment account (money market, high-yield checking account, and cash management equivalents) or a Certificate of Deposit may be purchased exhibiting sound financial action (favorable rate and terms). All investment accounts shall be placed only with insured commercial banks, savings and loan or credit unions that are members of the Chamber and support its activities. If a Certificate of Deposit is purchased, then upon maturity, the finance committee's designee will contact member insured banking institutions to determine the most favorable rate of interest and then, only with the approval of the President, Chairman, and the Treasurer, shall these funds be transferred or rolled over for a period of time typically not exceeding 12 months.

The Chamber has two "pools" of funds: Operating and Designated Reserves. The Operating cash fund represents the cash collected and used within a single fiscal year to meet the objectives outlined in the business plan and budget. The Designated Reserve cash fund represents the desired amount of funds to be available to sustain operations in the event of a disaster, meet long-term objectives, and provide for replacement or repair capital intensive items or allow for participation in unanticipated opportunities.

The Chamber will maintain the requisite accounts to service normal operating transactions. In addition, the Chamber will carry and manage the following designated reserve accounts:

- Operational Reserve Account
- Miscellaneous Reserve Account(s)

Funds may only be transferred to and from any accounts with the approval and signatures of the President and an authorized signer.

Excess Revenue Fund Policy

At the end of each fiscal year, the Chamber shall designate any excess revenue to the Operational Reserve Fund. The Operational Reserve Fund is established to cover any shortfalls in operating expenses caused by economic adversities, competitive pressures or natural disasters. In addition, at the end of each fiscal year, the Board, at the recommendation of the Finance Committee, shall vote to approve the transfer of any excess balance between the actual Miscellaneous Reserve account and its stated reserve goal. Funds may only be transferred to and from the Operational Reserve Fund with approval and signatures of the President and an authorized signer on the Chambers' accounts.

Reserve Goal Policy Statement

Through membership dues, program fees and other sources of revenue, the Chamber should endeavor to maintain a contingency reserve (Reserve Goal), which, at a minimum will be equivalent to six months of the budgeted annual operating expenses for that given year. The Governance Committee, with the Finance committee providing support, shall review these goals and funds annually to determine the fiscal responsibility of funds. The only expenditures that can be paid from the Operational Reserve Fund are those that pertain to unusual circumstances caused by economic hardship (market driven), competitive pressures (market infringement or deterioration) or natural disaster. All expenditures shall be reviewed and approved by the President, Treasurer or authorized signers on the Chambers' accounts.