

**East Metro Board of
REALTORS®**

Financial Policy

Approved 8.4.14
Updated 2.26.19

INTRODUCTION

The financial strength of the East Metro Board of REALTORS® has been gradually achieved through the vision and collective efforts of many hard-working, dedicated individuals. Because the Board of Directors is legally responsible for the financial stability of the Association, it must develop and maintain a system of financial accountability, a financial plan that reflects the mission of the Association, a sound investment strategy and adequate reserves.

Virtually every activity of the Association involves day-to-day financial transactions that demand guidelines in the form of written policies and procedures.

As membership has increased, the Association has made the necessary adjustments to support the growing needs of its members. Accordingly, it has become necessary to expand and formalize those guidelines to ensure the proper handling of the financial aspects of the Association.

The result is this Financial Policies and Procedures Manual. While every effort was made to include a comprehensive set of guidelines, this manual should be viewed as a "living" document and continuously modified in order to maintain it as a viable resource.

The finances of the Association are unique and somewhat complicated. Additionally, management of a non-profit corporation demands a thorough understanding of the "non-profit" business philosophy and the different terminology incorporated into the financial statements. This manual was written in a logical, user-friendly manner and includes not only policies and procedures but also copies of pertinent documents and forms. It will provide staff with proper direction and enable leadership and the Board of Directors to better understand the internal financial statements of the Association and be better prepared to make sound management decisions.

ACCOUNTS RECEIVABLE

All available means of collecting accounts receivable should be exhausted prior to initiation of write-off procedures. Write-offs shall be initiated by a written request presented to the Executive Committee.

The Association Executive shall add the company or individual to the list of poor credit risks and, effective on the date of the request for a write-off, no additional credit will be extended to that company or individual.

For accounting purposes, the write-off of an account will be treated as bad debt expense.

BANK ACCOUNT RECONCILIATION

All bank statements shall be reconciled by the Association Executive within five (5) working days after receipt, or as soon thereafter as possible.

Voided checks shall be retained and filed with that current years paid bills.

No Board staff shall be a signatory on any account.

BID REQUIREMENTS

The Association shall require a minimum of three (3) competitive bids or quotes when possible for all expenditures in excess of \$2,000.00.

Business between the Association and companies owned by board members or employees/spouses of the Association may be acceptable when there is a decided advantage to the Association, and with final approval of the Executive Committee.

Vendor services such as accounting, insurance, retirement plan services, legal, equipment maintenance, and printing shall be evaluated annually by the Association Executive.

The decision to change certified public accountants shall be made by the Executive Committee.

Changes to legal counsel shall be made by the Executive Committee.

BUDGET PROCEDURES

- All Officers, Directors and Committee Chairs shall submit budget requests to the VP of Administration & Finance by September 1st for the next fiscal year. *(See BOD and/or Committee Duties & Responsibilities)*
- The Executive Committee shall present the PROPOSED Budget to the Board for review and approval by the October Board Meeting. *(See Executive Committee Duties & Responsibilities)*
- All requests for reimbursement of budgeted funds shall include all receipts, be attached to the “East Metro Financial Form”, submitted to and approved by the Association Executive prior to reimbursement.
- All requests for budget variances must be submitted to the VP of Administration & Finance for review and a recommendation will be made at the next Board Meeting.
- The Board shall provide funds for Educational Travel for the President, VP’s, State Directors, President Elect and Board Staff in accordance to the budget. *(See Expected Meeting Attendance Guidelines)*
- All GAR Directors shall receive a stipend for each GAR meeting as provided for in the current budget and approved by the Board of Directors. *(See Expected Meeting Attendance Guidelines)*
- All GAR Directors shall receive a pro-rated stipend for partial attendance as provided for in the current budget and approved by the Board of Directors.
- The Board shall maintain 20% of the annual operating budget in reserves. *(See EMBOR Bylaws)*

AUDIT/FINANCIAL REVIEW (IRS 990)

Board Financial Records shall be submitted to Ed K Burton CPA LLC; or another CPA firm approved by the BOD; annually for compliance, review and filing of the IRS 990 form as required for 501(C)6 Not for Profit organizations by the IRS.

CAPITAL EXPENDITURES

The Board of Directors shall administer the day to day finances of the Board. Capital expenditures in excess of \$2000.00 may not be made unless authorized by 20% of the Board Members eligible to vote.

CHECKING ACCOUNTS

The Association shall maintain an appropriate number of checking accounts to conduct the business of the East Metro Board of REALTORS® in an efficient, cost-effective manner. The Vice President of Administration and Finance along with the Association Executive being present shall have the authority to open and/or close checking accounts as deemed necessary.

An adequate supply of pre-numbered checks for each account shall be maintained. Unused checks shall be stored under lock and key.

All checks drawn upon an account of the Association shall have one original signature of one of the following officers the Vice President of Administration and Finance, President or the Vice President of Communications & PR. No staff will have authority to sign checks.

All disbursements require backup documentation, such as an invoice, expense voucher or check request form. Proper approvals are required prior to entry of the payable into the accounting system. The Association shall provide direct deposit of payroll checks for all employees.

Signed checks that have not been mailed or distributed shall be stored under lock and key.

CONTRACTS

All contracts, contract renewals and other instruments obligating the Association shall be reviewed and approved by the appropriate staff, leadership, committee(s) and, when necessary, legal counsel deemed.

If the financial implication of signing a contract, a contract renewal or other instrument is not included or exceeds the authorization in the operating budget, approval by Executive Committee is required before any such document may be signed. After obtaining the necessary approval(s), the Association Executive shall sign all contracts, contract renewals and other instruments obligating the East Metro Board of REALTORS®.

A copy of all signed contracts and other instruments will be retained by the Association.

CREDIT CARDS

The Association shall authorize the use of a pre-paid credit card by the Association Executive.

The credit card shall not be used for any purpose other than to charge goods and services utilized for the benefit of the Association.

All receipts for expenditures shall be turned in or forwarded to the Accounting Department within ten days.

All receipts for expenditures for entertainment shall note on the back of the receipt the name(s) of the attendees.

PETTY CASH

The Board Office will maintain a petty cash box not to exceed \$200

ACCESS TO RECORDS BY MEMBERS

The officers of the Association shall have access to all financial records of the Association.

- (1) Its articles or restated articles of incorporation and all amendments to them currently in effect;
 - (2) Its bylaws or restated bylaws and all amendments to them currently in effect;
 - (3) Resolutions adopted by either its members or board of directors increasing or decreasing the number of directors or the classification of directors, or relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members;
 - (4) Resolutions adopted by either its members or board of directors relating to the characteristics, qualifications, rights, limitations, and obligations of members or any class or category of members;
 - (5) The minutes of all meetings of members, executed waivers of notice of meetings, and executed consents, delivered in writing or by electronic transmission, evidencing all actions taken or approved by the members without a meeting, for the past three years;
 - (6) All communications in writing or by electronic transmission to members generally within the past three years, including the financial statements furnished for the past three years under Code Section 14-3-1620;
 - (7) A list of the names and business addresses of its current directors and officers; and
 - (8) Its most recent annual registration delivered to the Secretary of State under Code Section 14-3-1622.
- (b) A member is entitled to inspect and copy, at a reasonable time and location specified by the corporation, any of the records of the corporation described in subsection (a) of this Code section if the member gives the corporation written notice or a written demand at least five business days before the date on which the member wishes to inspect and copy.
 - (c) A member is entitled to inspect and copy, at a reasonable time and reasonable location specified by the corporation, any of the following records of the corporation if the member meets the requirements of subsection (d) of this Code

section and gives the corporation written notice at least five business days before the date on which the member wishes to inspect and copy:

- (1) Excerpts from minutes of any meeting of the board of directors, records of any action of a committee of the board of directors while acting in place of the board of directors on behalf of the corporation, minutes of any meeting of the members, and records of action taken by the members or the board of directors without a meeting, to the extent not subject to inspection under subsection
 - (2) Accounting records of the corporation; and
 - (3) the membership list.
- (d) A member may inspect and copy the records identified in subsection (c) of this Code section only if:
 - (1) The member's demand is made in good faith and for a proper purpose that is reasonably relevant to the member's legitimate interest as a member;
 - (2) The member describes with reasonable particularity the purpose and the records the member desires to inspect;
 - (3) The records are directly connected with this purpose; and
 - (4) The records are to be used only for the stated purpose.

Universal Citation: [GA Code § 14-3-1620 \(2017\)](#)

- (a) A corporation upon request in writing or by electronic transmission from a member shall furnish that member its latest prepared annual financial statements, which may be consolidated or combined statements of the corporation and one or more of its subsidiaries or affiliates, in reasonable detail as appropriate, that include a balance sheet as of the end of the fiscal year and statement of operations for that year. If financial statements are prepared for the corporation on the basis of generally accepted accounting principles, the annual financial statements must also be prepared on that basis.
- (b) If annual financial statements are reported upon by a public accountant, the accountant's report must accompany them. If not, the statements must be accompanied by the statement of the president or the person responsible for the corporation's financial accounting records:
 - (1) Stating the president's or other person's reasonable belief as to whether the statements were prepared on the basis of generally accepted accounting principles and, if not, describing the basis of preparation; and
 - (2) Describing any respects in which the statements were not prepared on a basis of accounting consistent with the statements prepared for the preceding year
- *Consideration for staffs vacation and conference attendance may factor into the 5 business days.*

The Board will post current Budget, current 990 and current review online for members
(Updated 2.26.19)

ACCESS TO RECORDS BY THE PUBLIC

The public may inspect the following financial records:

Internal Revenue Service tax exemption determination letter

Internal Revenue Service Form 990 (Annual Information Return for Tax Exempt Corporations) for the three (3) preceding years

Any such inspection shall be made at the office of the current President during normal business hours. Advance notification of 24 hours shall be required.

An Association employee shall remain in the presence of the individual(s) requesting access to this information. The Georgia Association shall allow the individual freedom to take notes during the inspection. Individuals will be allowed a reasonable amount of time to review the document(s).

No records may be removed.

INVESTMENTS

The investment objectives of the Association are:

- (1) Obtain the highest level of principal safety possible
- (2) Obtain the highest interest rate level possible respective of risk tolerance
- (3) Receive timely interest payments commensurate with cash flow needs

These objectives shall be achieved by:

- (1) Investing in U. S. Treasury and/or U. S. Government Agency securities where principal and interest payments are backed by the full faith and credit of the U. S. Government in the form of direct obligations and with interest payments during months when anticipated cash flow needs have been identified
- (2) Investing in Certificates of Deposit that are fully insured by the FDIC, and with interest payments during months when anticipated cash flow needs have been identified

RESERVES

The Association currently maintains reserves in the amount of \$15,000.00 as of June 2018

RESERVES ADJUSTMENTS

If the year-end audited Statement of Assets, Liabilities and Net Assets for the East Metro Board of REALTORS® shows that the CASH plus CASH EQUIVALENTS plus INVESTMENTS less LIABILITIES and DESIGNATED FUNDS is more than the total RESERVES authorized in this Financial Policies and Procedures Manual, the Finance Committee shall make a recommendation, subject to approval by the Executive Committee and the Board of Directors, to (1) propose an operating budget for the following year with a projected net loss (excluding depreciation) to eliminate the overage, or (2) adopt other budgetary proposals for the following year that will eliminate the overage or (3) increase reserve levels by an amount necessary to eliminate the overage.

If the year-end audited Statement of Assets, Liabilities and Net Assets for the East Metro Board of REALTORS® shows that the CASH plus CASH EQUIVALENTS plus INVESTMENTS less LIABILITIES and DESIGNATED FUNDS is less than the total RESERVES authorized in this Financial Policies and Procedures Manual, the Finance Committee shall make a recommendation, subject to approval by the Executive Committee and the Board of Directors, to (1) propose an operating budget for the following year with a projected a net income (excluding depreciation) to eliminate the shortage, or (2) adopt other budgetary proposals for the following year by an amount necessary to eliminate the shortage or (3) decrease reserve levels by an amount necessary to eliminate the shortage.

Note: The year-end audited financial statement for the previous calendar year is made available after the subsequent year has begun, and the operating budget for the calendar year is approved by the Board of Directors in October of the previous year. Accordingly, reference to “the operating budget for the following year” shall mean the operating budget for the first calendar year following receipt of the year-end audited financial statement. Any expenditures of overage from a prior year shall be deducted from the sub total of excess reserves. Any recovery of shortage from a prior year shall be added to the sub total of excess reserves.