

CROWN POINT BOARD OF REALTORS®

FINANCIAL PROCEDURES POLICY:

Effective date: May 2007

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.

Financial Procedures Policy:

The Policy of the Crown Point Board of REALTORS® 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 Board has recognized the need to establish effective internal controls, to insure the accurate and ethical handling of the financial affairs of the board/association.

Receipt and Processing of Money:

All mail containing cash, checks or credit card information is collected by the AE or treasurer from the locked box in the lobby of the building at least weekly. The AE or Board Treasurer will denote the check number on the correspondence and make copies. The mail will be contained in the locked box in the lobby.

The AE or Board Treasurer will process the money at least weekly by entering the receipt into the QuickBooks ledger system and preparing the funds for deposit. A back up will be run after each deposit. Copies of all deposits line are to be kept in the locked cabinet at the Brattleboro Office. After the monthly reconciliation with the bank statement all deposits slips will be staples along with the reconciliation detail report to the bank statement. These will be filed in the locked cabinet in the Brattleboro Office. Monies will be deposited within a minimum of 7 days from receipt unless meetings or absences cause a delay.

Monthly the AE, or treasurer will run a back up of the files and take them to the Treasurer for safe keeping off site and a copy will be sent electronically to the accountant.

Order and Receipt of Goods and Services:

A purchase order must be used for purchases over \$200.00 the purchase order must be approved by the BOD before the purchase is made. The AE may email the board for approval of an expenditure, it will be considered Board approval if 5 members of the Board of Directors email positive responses.

Receipt of goods: The AE or treasurer will check all packing slips against the purchase order and the Packing slip and purchase order will be stapled to the appropriate bill. Bills will be filed in a cabinet.

Computer Hardware and Software:

To purchase computer software or hardware up to \$500.00 in value, a purchase order must be used. For computer items over \$500.00 approval by the Treasurer and the BOD must be obtained. Upon the receipt of goods, the purchase order must accompany any receipt and or packing slip and filed with the yearly budget material.

General Office Products and Equipment:

For items up to \$200.00 in value, a purchase order must be obtained from the AE. Upon receipt of goods, the purchase order must be filed with any receipt and/or packing slip. For purchases over \$200.00 the Treasurer must sign the purchase order with the approval of the BOD to be noted on the

purchase order. Upon receipt of goods, the purchase order must be filed with any receipt or packing slip.

Education Course Expenses:

For payment of instructor fees and education course expenses, purchase orders may be obtained from the AE. Proper documentation must accompany all requests.

In the absence of the AE the treasurer may issue necessary purchase orders.

Volunteer Reimbursement:

Members may be reimbursed for expenses incurred for Board business. Mileage will be reimbursed at the current federal rate. Proper receipts must accompany expense reports to be submitted to the AE or treasurer, within 30 days of expense the appropriate reimbursement forms can be obtained from the AE or treasurer.

Bank Reconciliation Procedures:

When received by the treasurer all bank statements are to be reconciled with board records within 7 days of receipt. Reconciliation detail reports should be printed, stapled to the original bank statement and filed.

Monthly Financial Records and Balance Sheets:

The financial reports and balance sheets should be completed within 5 business days of the months end. The computerized backups should be forwarded to the Board's accountant or bookkeeper no later than the 30th of the month.

Processing of Check Runs:

Checks will be run for the association no less than once a month. The Treasurer will encode all invoices and purchase orders with the appropriate General Ledger accounts. Next the Treasurer enters the invoices into the accounting system and prints the checks. After matching checks with appropriate backup the checks are signed by the Treasurer.

Fixed Assets:

Fixed assets are capitalized at cost and depreciated by use of the straight line method over the estimated useful lives of the assets which range from three years for Computers to five years for furniture and equipment.

The AE or treasurer will maintain a listing of all fixed assets valued at \$ 200.00 or more. All purchases of fixed assets are to be recorded in the listing, showing the name of the assets, serial number, date of purchase and location. The treasurer will complete a detailed check of all fixed assets each year. Write off of fixed assets will be carried out as necessary as and no less than yearly. Disposal of fixed assets will be carried out as necessary as and no less than yearly. The Accountant must approve the disposal during year-end write-up work.

RPAC Financials Procedures:

Procedures for this entity follow the same procedures as those for the association, with certain differences; Boards are required to record separately all personal and corporate contributions. RPAC contributions included in the dues should be deposited into a separate account, with records maintained indicating whether the check received was whether corporate or personal. In such cases, when a check is submitted to VAR 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 \$50.00 or more must be deposited within 10 days of the date on the check. These deposits can be in the Association RPAC account for the VAR RPAC account. This is a federal law requirement. Procedures for incoming monies, bank statement reconciliation and preparation of financials are the same.

Write-up and Tax services

The Board has a fiscal year beginning January 1 and ending December 31. An outside accountant from the association's accounting firm will make annual adjustments to the books and prepare the 990 during the month of January. The Accountant is to be given access to the association's office and all records. Staff members are to make themselves available to the accountant on an as needed basis to answer questions and provide any necessary documentation and explanations. All tax forms are to be completed by the accountant and provided to the association prior to the filing date, Currently _____

Budget Timelines and Procedures:

The budget for the board is based on a zero bottom line. April first of the current year begins the budgeting process for the following calendar year. The Budget committee consisting of the treasurer, 2 board members and (AE) paid 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 AE will assist in compiling all the information into budget form and present it to the committee for review.

The Board of Directors reviews the proposed budget and makes any changes deemed necessary. Once they have completed their review, the budget and finance committee meets to review the proposed budget.--Their goal should be to balance the budget. If the budget cannot be balanced, the budget committee must ask the Board for a dues increase. Once the budget is balanced and the budget committee approves, it will be sent to the Board of Directors for a vote. The Board of Directors establishes the level of dues and adopts the official budget for the following year. Changes in the budget line items can be approved, subject to maintaining the bottom line.

Contract and Service Agreements:

All contracts and service agreements entered into in the name of the Board must be reviewed by the board attorney prior to signing, and must be signed by the President of the Board of Directors. 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. All service agreements are kept in the Brattleboro Office in the permanent files.

Investment Policy:

The Investment Policy of the Association/board is administered by the Board of Directors which may delegate this responsibility to their finance committee.

The Board of Directors has 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 \$99,000.00 per Banking Institution for C.D.s.

Medium Investment Policy:

Funds to be invested in medium belong to long term C.D.s

Reserve Policy:

The Policy of the board is to maintain sufficient funds to allow the Board of Directors and AE to manage the finances of the Association prudently and with the flexibility necessary to accommodate unpredicted changes to income levels.

This Association has determined to keep 50% of its operating budget in a reserve account.