

**HARBOR BRANCH OCEANOGRAPHIC INSTITUTE**  
————— FOUNDATION —————

**FINANCIAL POLICIES AND PROCEDURES**

## INTRODUCTION

This document entitled “Financial Policies and Procedures” describes the policies and procedures for financial matters involving the Foundation. This document will be updated to be in compliance with relevant requirements of funding sources, federal agencies and business best practices.

The Board of Directors has the ultimate responsibility and authority for all financial policy decisions. The Executive Director has oversight for the Foundation’s implementation of and adherence to said policies and the Board has therefore delegated the day-to-day management of operations to the Executive Director. The Executive Director shall develop internal procedures and be held accountable for appropriate fiduciary and ethical compliance with all policies. The Finance Committee may review these policies on a periodic basis and propose changes to the financial policies and procedures as needed.

This Manual is organized as follows:

1. Budgeting of Funds
2. Audits and Reporting
3. Accounting System
4. Books of Accounts
5. Chart of Accounts
6. Financial Statements
7. Opening/Closing Bank Accounts
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10. Income /Donation Processing & Handling and Mail Management/Separation of Duties
11. Accounts Receivable/Cash Receipts
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## 1. BUDGETING OF FUNDS

**Policy:** The Executive Director develops and recommends the Foundation's annual operating budget to the Board of Director for its approval no later than April 30 of each year. Upon additional recommendations, the Board of Directors may approve a mid-year adjustment to the budget by January 30 of each year.

**Procedure:** No later than April 30, the Executive Director prepares an initial draft of the annual budget for the coming fiscal year and submits it to the Finance Committee to review and, if necessary, adjust the draft. At the June Board meeting, the Board votes to approve or approve with modification the annual budget. Should external or internal factors warrant, the Executive Director may propose a mid-year budget revision to the Finance Committee for its review and recommendation for approval at the January board meeting each year.

## 2. AUDITS AND REPORTING

**Policy:** An independent audit is completed annually by a professional accounting firm that has met the peer review requirements of the AICPA. With Staff support, the Foundation Audit Committee creates a request for proposals (RFP) generally every third year, reviews the proposals, and selects and engages one auditing firm to conduct the Annual Audit. Tax filing requirements are prepared, reviewed and signed by the selected accounting firm. Annual filings for the Foundation are: Return of Organization Exempt from Income Tax (Form 990), Exempt Organization Business Income Tax Return (Form 990-T) (if necessary) and State tax filings (if necessary). Filings must be completed on a timely basis, with any extensions to be approved by the Audit Committee.

**Procedure:** The Executive Director and Director of Operations as appropriate prepare various schedules needed by the auditor and/or the tax representative. The Foundation staff assists the firm's personnel as needed to complete all audit work.

Upon completion, the audit results and any additional correspondence from the auditor are reviewed by the Audit Committee. The Executive Director will follow up on the auditor's recommendations and report such to the Board of Directors. The Board of Directors also must accept the audit results with such approval reflected in Board meeting minutes.

## 3. ACCOUNTING SYSTEM

**Policy:** The Foundation uses the accrual method of accounting. The fiscal year is July 1 through June 30.

**Procedure:** The Foundation adheres to all generally accepted accounting principles for the accrual method. Monthly financial statements are prepared on the accrual basis with year-end exceptions as follows: fixed assets which are placed in service during the year, recalculation of estimates/allowances, and accruals for sick leave, annual leave and paid time off, and prepaid expenses or deferred revenue.

#### 4. BOOKS OF ACCOUNTS

**Policy:** The following books of accounts are maintained:

- Balance Sheet
- General Ledger
- Accounts Receivable
- Accounts Payable
- Cash Receipts
- Cash Disbursements
- Payroll Journal

**Procedure:** With direction from the Executive Director and the Director of Operations, the external Accountant/Bookkeeper is responsible for maintaining all books of accounts and the reconciling of the payroll journal.

The general ledger, cash receipts, cash disbursement journals, accounts payable, and accounts receivable are maintained electronically in QuickBooks. These books of accounts are posted and reconciled on a regular basis (but no later than monthly) by the Accountant/Bookkeeper.

#### 5. CHART OF ACCOUNTS

**Policy:** A Chart of Accounts is maintained and kept current to accurately reflect categories of expenditures, revenue, assets and liabilities, and net assets (unrestricted designated and undesignated, temporarily restricted and restricted).

**Procedure:** The Executive Director may add to or delete from the Chart of Accounts as needed. The Executive Director is authorized to approve payments and assign accounts numbers for each revenue and expense item in accordance with the Chart of Accounts.

#### 6. FINANCIAL STATEMENTS

**Policy:** Monthly Financial Statements are provided by the Director of Operations to Executive Director.

The external Accountant/Bookkeeper prepares quarterly Financial Statements for review by the Executive Director and the Finance Committee. The Executive Director and the Director of Operations will provide any explanations of a 10% variance over or under current or prior year budget to the Finance Committee. All work papers relating to month-end checklist, bank reconciliations and journal entries will be kept for review by the Executive Director and auditor as needed.

The Treasurer shall have the authority to examine all books of accounts at any time.

**Procedure:** On a monthly basis, the Director of Operations provides the Executive Director with an end of each month report by electronic mail. Such reports will include a Balance Sheet and Statement of Profit and Loss Budget versus Actual. The Statement of Profit and Loss, Budget versus Actual for all funds and for each cost center include year-to-date totals and comparisons with both prior year results and the current budget. The Balance Sheet reflects the most recently reconciled balances in each account.

The external Accountant/Bookkeeper follows a Monthly Closing Checklist to ensure all financial procedures and reconciliations are performed. Capital depreciation, electronic transfers, non-bank transactions and all other account adjustments are recorded in the books by the Accountant/Bookkeeper through general journal entries and are reflected in the Financial Statements.

### ***Bookkeeping Checklist***

#### Biweekly

- Prepare bill payments for vendor invoices provided by Director of Operations
- Prepare payroll checks for direct deposit
- Recording of SLP Deposits

#### Monthly

- Pay payroll liabilities

#### Quarterly

- Adjust payroll, employee benefits, payroll taxes, payroll tax liabilities to payroll reports and prepare all necessary payroll returns
- Print adjusting journal entries report and place with supporting documents
- Update accounts receivables to quarter end and agree to A/R spreadsheet
- Update accounts payables to quarter end
- Review and record any cash transactions
- Reconcile all bank statements, print reconciliation reports and bank statements
- Reconcile investment statements, print reconciliation reports and investment statements
- Review new equipment purchases are booked according to capitalization policy and record quarterly depreciation
- Review month end general ledger, balance sheet and profit/loss for any corrections
- Print month end balance sheet, profit/loss, profit/loss – budget vs. actual, A/R summary report, and adjusting journal entries for Executive Director review.

The Director of Operations will:

- Confirm donor acknowledgements were sent
- For new vendors (service providers), ensure W-9's are received and classify service providers for 1099's for the Accountant/Bookkeeper, if needed

## 7. OPENING/CLOSING BANK ACCOUNTS

**Policy:** Checking, savings, and other accounts at financial institutions are opened and closed only at the approval of the Finance Committee.

**Procedure:** The Executive Director may bring the need for such openings or closings to the attention of the Finance Committee, but only the Board of Directors may approve account agreements and terminated/amended/change/revise the signatories on the accounts per corporate resolution. Signatories are revised when there is a change in office or the Executive Director position on all existing accounts.

## 8. SIGNING OF CHECKS

**Policy:** Only those persons who are authorized by the Board of Directors shall follow the established check signing policy and procedures. No one can sign a check payable to him/herself or to a firm they represent. No pre-signed blank checks shall be issued at any time for any purpose.

**Procedure:** The signature documentation for each account designates the following positions with signatory power: the Chair, Vice Chair, Treasurer, Secretary, and Executive Director. In general, the Executive Director will be the regular signatory on checks. The Treasurer and Secretary will serve as regular back-up signatories as may be needed or for those checks requiring two signatures.

One signature is required for each check payment under \$10,000. Approvals from two signatories are required on any checks over \$10,000. Exceptions to this include:

- The frequent Specialty License Plate revenue from the State of Florida that is subsequently passed through from HBOIF to HBOI via FAU Sponsored Research, as well as Guy Harvey and Wyland Foundation that may have one signatory.
- Legal and consultant (auditor, accountants, lobbyist) expenses must be reviewed and approved by an officer, and upon such review the check may be signed by single signatory.
- Reimbursements to board members and the Executive Director for expenses incurred will require officer approval, and may be signed by single signatory.

## 9. BANK ACCOUNT RECONCILIATION

**Policy:** All bank accounts are reconciled quarterly by the external Accountant/Bookkeeper.

**Procedure:** The Executive Director receives and opens all credit card, bank and investment statements and reviews transactions prior to routing to the Director of

Operations either for his/her action or that of the external Accountant/Bookkeeper's action.

The Director of Operations is responsible for reconciling all credit card transaction statements. The external Accountant/Bookkeeper is responsible for bank account statement. Reconciliations shall be completed by month end following the close of a quarter (April 30, July 31, October 31, and January 31) take place each quarter and the computer-generated reconciliation reports with the bank statements shall be presented to the Executive Director for review, verification, and signature with date on the reconciliation. Bank statements and bank reconciliation reports are retained for each account and filed with the financial reports.

The Balance Sheet in the Financial Statement will reflect the most recently reconciled balance in each account.

## **10. INCOME / DONATION PROCESSING & HANDLING AND MAIL MANAGEMENT / SEPARATION OF DUTIES**

**Policy:** This policy for donation processing and handling sets out uniform accounting practices that provide for accurate postings, timely deposits, and required acknowledgments for tax deductible contributions. Further, there shall be a separation of duties with regard to the handling of cash and credit card receipts. All cash and check income received by the Foundation Staff or office will be deposited within 2 business days.

### **Procedure:**

When HBOIF income is received by mail:

- The Executive Director opens the mail and stamps incoming checks.
- The Executive Director gives the checks to the Director of Operations to prepare and make the deposit to the appropriate account.
- The Director of Operations logs the checks onto the Income Log, inputs the checks into QuickBooks, and forwards electronically to the Income Log to the Accountant/Bookkeeper monthly.
- The deposit and original checks are taken to the bank by the Director of Operations within 2 business days.
- The Director of Operations provides the bank cancelled deposit slip to the Executive Director to check against the Daily Income Log
- The Executive Director confirms deposit confirmation on the Income Log and gives it back to the Director of Operations.
- The Director of Operations provides the documentation to the external Accountant/Bookkeeper to reconcile and to post into QuickBooks.

When HBOI income is received by mail:

- The Executive Director opens the mail and stamps each check for FAU. The Director of Operations completes the FAU Income Log Form. Envelopes with postmarks for these donations must be kept.
- The Director of Operations processes checks that are received specifically for HBOI Funds by going online to [fau.edu](http://fau.edu); Giving; Document library; Deposit form. The Director of Operations scans the supporting material which accompanies donations and emails this to the HBOI Executive Director and to the HBOI Director of Business Services. If not already designated by the donor, the HBOI Executive Director determines which HBOI Fund to deposit the donations to at FAU.
- While checks for Harbor Branch may be made payable to either HBOI or HBOIF, unless a check is designated specifically for the HBOI Foundation endowment, the Director of Operations endorses the checks with the following (per FAU Either “HBOI or HBOIF” and “For further credit to Florida Atlantic University Foundation For Deposit to Account #”).
- The Director of Operations completes the Deposit Form and prints it on Green paper.
- The Director of Operations sends via inter-office mail to: Sharon Brown, Assistant VP of Finance and Administration, Florida Atlantic University, Boca Raton

*\*Until a new Development Officer is hired for HBOI, the Director of Operations processing all donations to HBOI, even if the checks are made out to FAU/FAUF. In this case, we do not endorse them.*

#### Credit Card Donations

Credit card payments and donations are made online only either to the Foundation via Network For Good

(<https://www.networkforgood.org/donation/MakeDonation.aspx?ORGID2=591644333&v1rStratCode=luT0TOD6%2fh2Z8iunrvo1RjOzRqRvpSv3ThNaRzMFqnxwMb3rtc0lawINP Ocv7i47>) or for HBOI by visiting the HBOI website (<http://www.fau.edu/hboi/community/donate.php>).

Automatic receipts of payments/donations are generated online. If a donation to the HBOIF, mailed letter of acknowledgements will also be sent by either the Executive Director or the Director of Operations. Donations to HBOI are acknowledged by the FAU Foundation.

Most donations made through Network For Good donations are for contributions to HBOI. In this case, when the checks from Network For Good arrive at HBOIF, the office will process these in the same way as per the procedure above for donations to HBOI. In the limited cases when donations through Network For Good are associated with payments for the Love Your Lagoon event, these will be processed per our procedures above for income for HBOIF.

## **SLP Payments**

Kinds of bills that come in:

- Billboards
- Newspaper Advertising
- DMV inserts for mailings
- Promo items
- TV and Radio Advertising
- Promo Events
- Printing
- SLP Marketing Manager salary
- SLP Marketing manager credit card expenses (travel-related)

Invoices for regular SLP expenditures are mailed to HBOIF. Some bills are mailed to the SLP Marketing Manager who forwards them to HBOIF. The Director of Operations marks the bills with the GL account and what they are for as well as which bank account it should be paid out of: SLP Account – PNC and also writes which plate designation the bills are associated with. When in doubt, particularly to non-regularly occurring invoices, the Director of Operations contacts the SLP Marketing Manager to ensure the appropriate GL account line and plate designation.

## **11. ACCOUNTS RECEIVABLE/ CASH RECEIPTS**

**Policy:** The Foundation promptly invoices for services rendered and/or for grant and contractual reimbursements. An accounts receivable ledger is maintained by the external Accountant/Bookkeeper.

**Procedure:** When notice of pending revenue is made, the appropriate Foundation Board or Staff member with knowledge of that receivable will notify the Executive Director who will notify the external Accountant/Bookkeeper. Information to be provided should include the name of the person providing the revenue, full contact information (including email), the amount, the description of the revenue (purpose), and the approximate date the revenue will be received.

The external Accountant/Bookkeeper maintains the accounts receivable ledger. The log of incoming revenue is maintained in a separate ledger. The external Accountant/Bookkeeper enters all receivables in the accounting reports. The Executive Director is advised of overdue accounts receivable in excess of \$100.00 that are outstanding for longer than two months after the original payment due date.

Any adjustments to accounts receivable ledger should be reviewed and approved by Executive Director.

## **12. ACCOUNTS PAYABLE/ CASH DISBURSEMENTS**

**Policy:** The Foundation pays invoices within 30 days of their issuance. Checks will be cut every other Wednesday. All invoices for payment/check requests must be received

and approved by the Executive Director no later than noon the day prior to the check cut date. Check request forms will include complete information including the original invoice, the assigned account number for that charge, the purpose, and the name of the individual submitting the invoice.

**Procedure:**

1. Incoming invoices are date stamped on the day received when the mail is opened by the Executive Director
2. Invoices are forwarded to the Director of Operations for verification against order and budget.
3. The Director of Operations prepares a Check Request Form indicating the account line to be charged and attaches this to each invoice.
4. Prepared invoices are given to the Executive Director by the Director of Operations for account verification and approval for payment.
5. Approved for payment invoices are forwarded to the external Accountant/Bookkeeper by the Director of Operations to cut the checks.
6. Checks with original documentation are routed to the Executive Director for final review and signature.
7. Documentation and signed checks are routed back to the Director of Operations for filing and mailing.

The external Accountant/Bookkeeper posts check transactions to the internal accounting system. The external Accountant/Bookkeeper works to prevent duplicate payments.

Old (stale/outstanding) checks are reviewed on a quarterly basis by the external Accountant/Bookkeeper and written off after twelve months upon approval by the Executive Director.

Any other adjustments to the accounts payable ledger should be reviewed and approved by Executive Director.

Copies of voided checks are included in chronological order among the checks presented for signature from the external Accountant/Bookkeeper. Voided checks are kept and filed numerically by the external Accountant/Bookkeeper

Unused checks are stored with other financial records in a locked location with the external Accountant/Bookkeeper. The Director of Operations will keep a limited number of unused checks onsite in a locked location for emergency purposes.

### **13. COMPENSATION**

**Policy:** The Board of Directors sets compensation for the Executive Director. The Executive Director recommends compensation for all other employees during the annual budgeting process.

**Procedure:** The Board of Directors will undertake the necessary research of comparable salaries of like organizations for the Executive Director to ensure

competitive market attractiveness for retention and to ensure against excessive compensation for that position. The Executive Director's recommendations for specific salary and other benefits for a given fiscal year are also based on research regarding comparative salaries with like organizations as well as general economic conditions and specific economic realities potentially facing the Foundation in the coming year.

#### **14. PAYROLL SYSTEM**

**Policy:** The Foundation pays Staff members on a regular basis, pro-rated as needed, to the approved salary within the organizational budget. Leave accruals and usage will be taken from monthly timesheets and reflected on payroll by the external Accountant/Bookkeeper.

**Procedure:** All employees are paid on a bi-weekly basis. Each paycheck will include earnings for all work performed through the end of the previous payroll period. Paychecks are issued biweekly, every other Friday, via direct deposit.

The law requires that the Foundation make certain deductions from every employee's compensation. Among these are applicable federal, state, and local income taxes. The Foundation also must deduct Social Security taxes on each employee's earnings up to a specified limit that is called the Social Security "wage base." The Foundation matches the amount of Social Security taxes paid by each employee.

Each salaried Staff member is paid based on hours he or she reported on his/her bi-weekly timesheets. Each employee is responsible for providing on his/her timesheets an accurate record of hours worked and hours of paid time off/annual leave/sick leave (as appropriate) used that pay period. The Executive Director approves the time sheets and then the Director of Operations provides the Accountant/Bookkeeper with the amounts of earned pay, accruals, and leave for each employee electronically to the Accountant/Bookkeeper no later than 5:00 pm each Tuesday prior to the Friday pay date. The Director of Operations keeps the time sheets on file in each employee's personnel file. See the Employee Manual for policies and procedures regarding Leave.

Each quarter, the external Accountant/Bookkeeper reconciles with employees' timesheets the employees' pay amounts recorded on the payroll service's summary reports, allocates salary and fringe benefit expenses to cost centers, and confirms that tax liabilities and fees are paid.

#### **15. LEAVE**

**Policy & Procedure:** Full-time and part-time permanent Staff members accrue leave based on Foundation policies located in the Human Resources Policies Manual.

#### **16. INVESTMENT POLICY**

**Policy:** The investments of the Endowment Fund of the Foundation are invested on the advice of the Finance Committee with external consultation as necessary. It is the policy of the Foundation Board to treat all assets of the Foundation including funds that are legally unrestricted, as if held by the Foundation in a fiduciary capacity for the sake of accomplishing its mission and purposes. The stated investment objectives and directions are to be judged and understood in light of that overall sense of stewardship. In that regard, the basic investment standards shall be those of a prudent investor as articulated in applicable state laws.

**Procedure:** The Statement of Policy and Investment Objectives of the Harbor Branch Oceanographic Institute Foundation, Inc., revised as of [TBD 2014](#) is attached to this document.

## 17. ENDOWED AND RESTRICTED FUNDS

**Policy:** The Foundation maintains an Endowment Fund which is comprised temporarily restricted funds. The Board may established designated funds at its own or restricted funds at a donor's request to advance special activities of the Foundation. The Board may increase or reduce the number of designated funds as needed.

**Procedure:**

Any Board actions relating to unrestricted investments, temporarily restricted and permanently restricted Endowment Funds are documented in meeting minutes and kept permanently.

## 18. END OF YEAR POSTINGS

**Policy:** In accepting payments and donations at the end of the calendar year, the Foundation processes any check payment and/or credit card payment received that is dated prior to December 31 and/or postmarked prior to December 31 to December's books. Anything received that is dated December 31 but received after January 15 will be posted to the next year.

**Procedure:** For calendar year-end payments, envelopes must be kept with documentation to verify postmark before posting to bookkeeping system.

## 19. BEQUESTS AND CONTRIBUTIONS

**Policy:** Bequests and contributions that are restricted by the donor are used only for the purpose specified in said restrictions. Unrestricted bequests and contributions are normally deposited into the investment accounts.

**Procedure:** The Executive Director is responsible for the designation of bequests and contributions according to the policy. The Accountant/Bookkeeper and Director of Operations keeps records of funds relating to restricted contributions and corresponding expenditures in QuickBooks as they are expended. Expenditures should be approved by

Executive Director or the Finance Committee to ensure expenditures are within donors' restrictions.

## **20. DEVELOPMENT POLICIES**

1. Gifts and grants are solicited and accepted for purposes that are consistent with the mission of the Foundation. The Executive Director is responsible for making such determinations of consistency.
2. The Executive Director must be aware of any and all development activities that Foundation members, Board members, or other individuals may wish to undertake in the name of the Foundation. This is to ensure the integrity of those efforts, the compliance with stated policy, and the avoidance of duplication of efforts with prospective donors and with HBOI.
3. Unless restricted by the donor, the Foundation Board controls the investment and reinvestment of all funds.
4. Proposed gifts for building purposes and any gift whose maintenance will add to the ordinary operating budget of the Foundation shall be accepted only with the express approval of the Board.
5. The Foundation may also from time to time accept gifts of stock. Gifts of securities and other property are immediately sold and the funds either used as general operating revenues or are invested in accordance with written donor intention and in conjunction with the Foundation's investment policy. Should the Foundation wish to accept and hold gifts of restricted stock or stock for which there is no ready public market this would be done at the discretion and direction of the Finance Committee.
6. The Foundation understands and respects the preference of donors who wish to remain anonymous, although for record purposes the identity of all donors must be known by the Executive Director, the Director of Operations, the external Accountant/Bookkeeper and such other officers and others (e.g., attorney, legal advisor, accountant, committee chair) as the Foundation as is determined has a need to know. Unless a donor requests anonymity, however, the organization reserves the right to disclose the name of a donor at its lawful discretion.
7. Gifts will not be accepted in cases in which it is clear to the Foundation that the funds or property donated were acquired by other than legal means, or that clear title to the donated assets does not flow from the donor to the Foundation. It is presumed that the circumstances under which the Foundation would choose not to accept a particular gift or a gift from a particular source would be very unusual. Acceptance of a gift does not imply endorsement or approval by the Foundation of the views, occupations, or activities of a donor.
8. Gifts that are contingent upon the Foundation to raise "matching funds" by any formula shall be accepted only upon approval of the Finance Committee. This applies only to those entities or individuals who would require that the Foundation

raise a specific amount of money independently to “match” a proposed gift. This does not apply to matching gifts that come in from entities or individuals as a result of their specific gift to the Foundation.

9. No gift will be accepted which implies a “quid pro quo” of any kind to the donor. Donor benefits as defined by the IRS are not considered “quid pro quo” as long as the value of said benefits is deducted from the donation and notice of such deduction is given to the donor.
10. No gift will be accepted that would require the Foundation to contravene its established policy of nondiscrimination and equal opportunity for all persons regardless of race, sex, color, religion, creed, national origin or ancestry, age, marital status, sexual orientation, or disability or any other discrimination as defined under the law.
11. No gift will be accepted if the potential donor requires that its purposes cannot be disclosed publicly.
12. Any gifts that have terms that should be preserved by a written agreement or letter between the Foundation and donor will be reviewed by legal counsel.
13. The Foundation makes every attempt to acknowledge donations in writing within 48 hours. If this is not possible, the Foundation will acknowledge all contributions in writing within 10 business days at the very latest. Records of donor contributions to the Foundation including name, contact information, date of gift, amount of gift, and purpose of gift are to be logged in a development database.
14. The Foundation may organize personalized recognition, stewardship and cultivation activities for the purpose of cultivating new donors and retaining existing donors.

## **21. PROPERTY AND EQUIPMENT**

**Policy:** The Foundation maintains an inventory list of all equipment and furnishings.

**Procedure:** A list of all equipment and furnishings with serial or other identification numbers is maintained by the Foundation. Each year, the list is reviewed by the Director of Operations and updated as needed in preparation for the annual audit. A physical inventory is conducted annually. The Executive Director must pre-approve all equipment purchases over \$100.00 regardless of whether they are budgeted. All non-budgeted expenses in excess of \$1,000.00 must be approved in advance by the Board of Directors.

## **22. CAPITAL DEPRECIATION**

**Policy:** The Foundation maintains a capital depreciation account.

**Procedure:** Assets with a value of \$1,000.00 or more are depreciated across time periods that correspond with the estimated duration of their usefulness, and the purchase of equipment that costs less than \$1,000.00 is expensed. The external Accountant/Bookkeeper updates the Fixed Assets schedule with a description and date of acquisition or disposition on a quarterly basis. A file is maintained to gather necessary documentation throughout the year for all purchases or dispositions. The Fixed Asset schedule is adjusted for quarterly activity and a new depreciation expense is calculated. A depreciation expense entry is posted quarterly.

Disposition of capital equipment requires the approval of the Executive Director.

### **23. DOCUMENT RETENTION AND DESTRUCTION POLICY**

**Policy:** The Foundation maintains a Document Retention and Destruction Policy per the following in accordance with its Board-approved policy.

**Procedure:**

***I. Purpose***

This policy of this tax-exempt organization (the “Organization”), in accordance with the Sarbanes-Oxley Act, which makes it a crime to alter, cover up, falsify, or destroy any document with the intent of impeding or obstructing any official proceeding, provides for the systematic review, retention and destruction of documents received or created by or in connection with the transaction of the Organization’s business. This policy covers all records and documents, regardless of physical form, contains guidelines for how long certain documents should be kept and how records should be destroyed. The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate the Organization’s operations by promoting efficiency and freeing up valuable storage space.

***II. Document Retention***

The Organization follows the document retention procedures outlined below. Documents that are not listed, but are substantially similar to those listed in the schedule will be retained for the appropriate length of time.

***III. Document Retention Time Periods***

Corporate Records

Annual Reports to Secretary of State/Attorney General	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent
By-laws	Permanent
Construction Documents	Permanent
Fixed Asset Records	Permanent
IRS Application for Tax-Exempt Status (Form 1023)	Permanent
IRS Determination Letter	Permanent
State Sales Tax Exemption Letter	Permanent
Contracts (after expiration)	7 years

Correspondence (general)	3 years
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### Accounting and Corporate Tax Records

Annual Audits and Financial Statements	Permanent
Depreciation Schedules	Permanent
General Ledgers	Permanent
IRS Form 990 Tax Returns	Permanent
Business Expense Records	7 years
IRS Forms 1099s	7 years
Journal Entries	7 years
Invoices	7 years
Sales Records (box office, concessions, gift shop)	5 years
Petty Cash Vouchers	3 years
Cash Receipts	3 years
Credit Card Receipts	3 years

### Bank Records

Check Registers	Permanent
Bank Deposit Slips	7 years
Bank Statements and Reconciliation	7 years
Electronic Fund Transfer Documents	7 years

### Payroll and Employment Tax Records

Payroll Registers	Permanent
State Unemployment Tax Records	Permanent
Earnings Records	7 years
Garnishment Records	7 years
Payroll Tax returns	7 years
IRS Form W-2 Statements	7 years

### Employee Records

Employment and Termination Agreements	Permanent
Retirement and Pension Plan Documents	Permanent
Records Relating to Promotion, Demotion or Discharge	7 years after termination
Accident Reports and Worker's Compensation Records	5 years
Salary Schedules	5 years
Employment Applications	3 years
I-9 Forms	3 years after termination
Time Cards	2 years

### Donation/Grant Records

Donor Records and Acknowledgement Letters	7 years
Grant Applications and Contracts	5 years after completion

### Legal, Insurance and Safety Records

Appraisals	Permanent
Copyright Registrations	Permanent
Environmental Studies	Permanent
Insurance Policies	Permanent
Real Estate Documents	Permanent
Stock and Bond Records	Permanent
Trademark Registrations	Permanent
Leases	6 years after expiration
OSHA Documents	5 years
General Contracts	3 years after termination

#### **IV. *Electronic Documents and Records***

Electronic documents will be retained as if they were paper documents. Accordingly, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis.

#### **V. *Emergency Planning***

The Organization’s records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping the Organization operating in an emergency will be duplicated or backed up at least every week and maintained off site.

#### **VI. *Document Destruction***

The Organization’s chief financial officer (or if none, its President) is responsible for the ongoing process of identifying its records, which have met the required retention period and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

#### **VII. *Compliance***

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against the Organization and its employees and possible disciplinary action against responsible individuals. The chief financial officer (or if none, the President) and finance committee chair (or, if none, the Treasurer) will periodically review these procedures with legal counsel or the organization’s certified public accountant to ensure that they are in compliance with new or revised regulations.

## 24. EXPENSE REIMBURSEMENTS

**Policy:** The Foundation reimburses Board and Staff members for expenses incurred in the conduct of organizational business during official business trips. Said reimbursements requests must be accompanied by original receipts. Submissions without receipts are not reimbursable.

**Procedures:** The Foundation will reimburse Board and Staff members for documented, approved, reasonable, proper and necessary expenses incurred in conjunction with conducting approved Foundation activities. Reimbursable travel expenses are defined as expenses incurred when traveling to or attending professional meetings, speaking engagements, national, regional and local outreach events/conferences, and the Foundation sponsored events

Approved expenses will only be reimbursed upon the timely submission of a fully completed expense report within 30 days of incurring the expense, accompanied by original, itemized receipts for each expense noted. At fiscal yearend, notice of pending submissions should be received by the office for accrual purposes even if the actual submission cannot be made by June 30.

Regardless of how expenses are paid (by the Foundation or personal credit card, cash or check), all reported expenses must have an original, itemized receipt. The Foundation does not reimburse expenses paid by Staff members' personal credit cards without a corresponding original, itemized receipt.

These following guidelines for travel reimbursement are provided when preparing for and traveling on behalf of the Foundation as well as to ensure that the reporting and reimbursement is in accordance with IRS requirements.

### **Travel**

The Foundation will pay for coach airfare or train fare to approved destinations subject to the approved budget. All travel and time must be approved by the Executive Director.

In cases where cancellation fees/penalties are incurred as a result of a change of plans, the fees will be reimbursed if there is a valid business reason for the change of plans. In the event of a non-refundable fare, the credit for future air travel must be utilized for Foundation travel. Acceptable business reasons include the organization canceling or altering the trip or delays in flight connections. This explanation should be attached as documentation with the travel expense report. In instances where these fees/penalties are incurred without acceptable explanation, the cost of the fees/penalties will not be reimbursed. Additional fees charged by the airlines for baggage will only be reimbursed if it is in keeping with the business related travel.

### **Car Rental**

In reserving a rental car for the Foundation related travel, the most economical car for the number of individuals using it will be reserved. Always purchase the insurance option. Original receipts for the rental must be obtained and submitted. Original gas receipts for the rental must also be obtained and submitted.

**Gratuity**

The following are suggested guidelines for gratuities:

Taxis	15%
Meals	15%
Skycaps/Bellhops	\$1.00 per bag
Parking Attendants	\$1.00

**Ground Transportation**

Receipts are required for all transportation expenses which indicate the origination and destination of travel as well as a reasonable gratuity of no more than 15%.

**Lodging**

The Foundation will pay for or reimburse accommodations that are required to conduct approved and official Foundation business. All Foundation -related travel must be approved in advance by the Executive Director. In the event a Staff member requires accommodations that have not been made by the Foundation, approval for reimbursement is necessary and the Foundation will reimburse actual room rate charge and applicable taxes. Staff members should make every effort to maintain an acceptable budget when booking accommodations. If traveling with non- Foundation personnel, only charges incurred by the Foundation Staff and/or approved volunteers will be reimbursed. Parking expenses related to lodging will be reimbursed with a receipt. The Foundation policy does not cover the additional cost of valet or preferred parking. Gratuity tips should be individually noted on the completed expense report when a receipt is not possible. The additional cost of room upgrades (e.g. suite, executive floor, room with a view, etc) is not reimbursable. Receipts for all lodging must be attached to the expense report and itemized by expense category (parking, etc.). The Foundation will not be responsible for any incidentals such as phone charges, internet charges, in-room movies, dry cleaning, laundry services and any additional charges.

**Meals**

Meals that are incurred during the course of a workday when Staff members are attending pre-approved professional meetings, speaking engagements, national, regional and local outreach events/conferences, and Foundation -sponsored events are reimbursed by the Foundation only when the Foundation does not provide group meals. The following maximum amounts per meal not covered in a group setting will be reimbursed:

Breakfast	\$10.00 including gratuity
Lunch	\$15.00 including gratuity
Dinner	\$20.00 including gratuity

Snacks and drinks outside of meals are not reimbursed. To be reimbursed, an itemized receipt is required showing where the meal was served, the date and the amount of charges. Personal use of alcoholic beverages is not reimbursable; only alcohol purchased for business entertainment purposes is reimbursable.

**Mileage**

Mileage is reimbursed only when using a privately-owned vehicle to travel to and/or from pre-approved professional meetings, speaking engagements, national, regional and local outreach events/conferences, and the Foundation sponsored events. Mileage is reimbursed at the most current rate used by the Federal government (IRS) at the time of the travel. A Mapquest printout showing the mileage “to” and “from” the destination to individual’s home to the Foundation designated site will serve as the official receipt to calculate the mileage reimbursement. When travel is roundtrip, doubling the mileage on one printout will suffice.

### **Parking and Tolls**

The Foundation will reimburse for parking and tolls associated with a local or long distance trip. Original receipts are required to be submitted with expense reports.

## **25. CASH ADVANCE POLICY**

**Policy:** The cash advance policy is designed to provide upfront cash for certain necessary and immediate purchases only to support the activities of the Foundation.

**Procedure:** Cash advances may be requested for specific events or purposes. Any such cash advances are approved by the Executive Director only. Documentation to support the expenditure of any cash advance is subject to the Expense Reimbursement Policy. Staff who fail to submit original receipts to support a cash advance will be requested to pay the associated amount back to the Foundation or may have these amounts deducted from their next paycheck.

## **26. USE OF FOUNDATION-ISSUED CREDIT/DEBIT CARDS**

**Policy:** Certain designated Foundation Staff may be provided with a corporate credit or debit card. This card is to be used for Foundation purposes only and may never be used for personal expenditures under any circumstances. Only the designated cardholder should purchase using their specific credit or debit card. Staff will be responsible to ensure that all purchases made on this card are solely expenses of the Foundation and shall ensure the security of their corporate credit card at all times. The Chair of the Board shall review the Executive Director’s debit or credit card transactions on a quarterly basis.

**Procedure:** Each Staff member using an authorized Foundation card must submit monthly expense reports with original receipts to the Executive Director for approval by a specified date each month. Expense reports should contain the specific Chart of Accounts line for which the expense belongs and a short description. Expense reports will then be submitted to the Foundation Bookkeeper. Staff members are advised to make copies of submitted reports and receipts and keep on file if any questions arise. Any Staff member who consistently submits expense reports without receipts can be terminated immediately.

Lost or stolen cards should be reported to the credit card company and Executive Director immediately.

Abuse of this policy may result in immediate termination.

## **27. INSURANCE**

**Policy:** The Foundation maintains the following appropriate insurance coverage.

- Building and Business Personal Property Insurance (including employee dishonesty and general liability)
- Non-Profit Professional Liability
- Employers Liability Insurance
- Officers & Directors Fiduciary Liability
- Insurance policies for each Foundation sponsored event

**Procedure:**

The Executive Director reviews the coverage annually at the time of renewal and reports annually to the Board of Directors that all premiums are paid and policies are in force.

## **28. INFORMATION SYSTEMS BACKING UP POLICY AND PROCEDURES**

**Policy:** All Foundation computer data is to be backed up on a regular basis.

**Procedure:** The Foundation maintains an independent server on which all Foundation files are maintained and serviced by an external computer services which conducts 24/7 back up of the Foundation's online database system.

## **29. CONTRACTS**

**Policy:** Only those designated by the Board of Directors may execute contracts consistent within the mission, goals, objectives, and approved budget of the Foundation. The acquisition or sale of real property must have Board of Directors approval.

**Procedure:** Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Foundation by any one officer or the Executive Director. In general, the Executive Director is the primary person designated to sign contracts to carry out programs and activities approved by budget or if unbudgeted, by the Finance Committee. Any documents relating to the acquisition or sale of real property will be executed by the Chair of the Board, and in his/her absence, the Vice Chair, unless otherwise designated by Board Resolution.

Notwithstanding the foregoing, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. (Insurance policy contracts require only one signature).

All contracts over \$50,000 or any contract which may obligate the Foundation that does not have budget approval will be reviewed and approved by the Treasurer in advance of signature.

### **30. CONFLICT OF INTEREST**

**Policy:** The purpose of the conflicts of interest policy is to protect the Foundation's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an interested person of the Foundation. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to nonprofit and charitable corporations.

#### ***I. Definition of Terms***

##### **Interested Person**

Any director, principal officer, member of a committee with broad delegated powers, or administrator, who has a direct or indirect financial interest, as defined below, is an interested person. If a person is an interested person with respect to any entity related to the Foundation, he or she is an interested person with respect to the Foundation.

##### **Financial Interest**

A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

An ownership or investment interest in any entity with which the Foundation has a transaction or arrangement;

A compensation arrangement with the Foundation or with any entity or individual with which the Foundation has a transaction or arrangement; or

A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. A financial interest is not necessarily a conflict of interest. As provided below, a person who has a financial interest may have a conflict of interest only if the appropriate body for this purpose determines that a conflict of interest exists.

#### ***II. Duty to Disclose***

In connection with any actual or possible conflicts of interest, an interested person must disclose the existence of his or her financial interest and all related material facts on a disclosure statement that must be updated annually. Any conflicts must be presented to the directors and members of committees with board delegated powers to consider the proposed transaction or arrangement.

#### ***III. Determining Whether a Conflict of Interest Exists***

After disclosure of the financial interest and all related material facts, and after any discussion with the interested person, the interested person shall leave the board or committee meeting while the determination of such conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

#### ***IV. Procedures for Addressing the Conflict Of Interest***

An interested person may make a presentation at the board or committee meeting, but after such presentation, he or she shall leave the meeting during the discussion of, and vote on, the transaction or arrangement that results in the conflict of interest.

The Chairperson of the board or the Governance Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

After exercising due diligence, the board or committee shall determine whether the Foundation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.

If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Foundation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Foundation and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

#### ***V. Violations of the Conflict of Interest Policy***

If the board or committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the member and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### ***VI. Records of Proceedings***

The minutes of the board and all committees with board-delegated powers shall contain:

- The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of

interest was present, and the board or committee's decision as to whether a conflict of interest in fact existed, and

- The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

### ***VII. Compensation Matters***

1. A voting member of the board who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation. A person related to such member is also precluded from voting on that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation for services is precluded from voting on matters pertaining to that member's compensation. A person related to such member is also precluded from voting on that member's compensation.
3. No voting member of the board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Foundation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

### ***VIII. Annual Statements***

Each director, principal officer and member of a committee with board delegated powers shall annually sign a statement which affirms that such person:

1. has received a copy of the conflicts of interest policy,
2. has read and understands the policy,
3. has agreed to comply with the policy, and
4. understands that the Foundation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

### ***IX. Periodic Reviews***

To ensure that the Foundation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic reviews shall, at a minimum include the following subjects:

Whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining; and

Whether partnership and joint venture arrangements conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Foundation's charitable purposes and do not result in inurement or impermissible private benefit or in an excess benefit transaction.

#### ***X. Use of Outside Experts***

In conducting the periodic reviews provided for the above, the Foundation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the board of its responsibility for ensuring that periodic reviews are conducted.

#### ***XI. De Minimis***

Due to the environment where the investment portfolio for the Foundation is so vast, nothing in this policy shall be deemed to require an owner of less than one percent (1%) of the common stock of a publicly traded corporation during the preceding five (5) years to make disclosure if such corporation is involved in a transaction with the Foundation.

#### **Procedure:**

Board and Staff members must:

- complete and submit annually a Conflict of Interest Disclosure form to the Executive Director. Said form shall list any and all additional employment/business relationships or transactions that are or could be considered a conflict of interest
- provide written information immediately throughout the year of any additional employment or business relationships or transactions that develop that are or could be considered a conflict of interest.

Conflict of Interest and Disclosure forms will be circulated at the beginning of each fiscal year and shall be completed, signed, and returned to the Executive Director no later than July 15.

The Executive Director will review the forms and inform the Board of any potential conflicts of interest by the Board that should be reviewed and discussed in a Board Meeting. Said review and discussion may result in requesting a Board member to recuse him/herself from any discussion, deliberations, and/or decision-making that may be deemed a potential, perceived, or real conflict of interest. A conflict-of-interest may result in removal from the board if it cannot be corrected.

The Executive Director will review the forms and disclosures regarding any potential conflicts of interest on the part of the Staff. In the case of Staff members who may have additional employment/relationships that may impact the Staff member's ability to perform his/her Foundation duties or responsibilities or any potential or perceived negative impact that may affect the Foundation will be addressed by the Executive Director. Typically, the Staff member will be notified within one week of receipt with a determination of whether their submission is deemed a conflict of interest. The Staff

member will then have two weeks to address any concerns cited and to resolve conflicts in order to maintain employment with the Foundation.

The Board of Directors shall oversee the Executive Director's conflict of interest and review his/her form and disclosure annually and make any needed recommendations accordingly per the above.

### **31. WHISTLEBLOWER POLICY**

**Policy:** The Foundation requires directors, officers, and Staff members to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Foundation board and Staff members must practice honesty and integrity in fulfilling their Foundation responsibilities and comply with all applicable laws and regulations.

#### **Procedure:**

##### Reporting Responsibility

It is the responsibility of all directors, officers, and Staff members to comply with the Standards of Conduct and to report violations or suspected violations in accordance with this Whistleblower Policy.

##### No Retaliation

No director, officer, or employee who in good faith reports a violation of the Standards of Conduct shall suffer harassment, retaliation, or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable Staff members and others to raise serious concerns within the organization prior to seeking resolution outside the organization.

##### Reporting Violations

The Whistleblower Policy addresses the organization's open-door policy and suggests that Staff members share their questions, concerns, suggestions, or complaints with someone who can address them properly. Employees are required to report suspected violations of the Standards of Conduct to the organization's Compliance Officer (the Executive Director), who has specific and exclusive responsibility to investigate all reported violations. For suspected violations of the Standards of Conduct, fraud, or when you are not satisfied or uncomfortable with following the organization's open-door policy, individuals should contact the organization's Executive Director. In the case where suspected violations of the Standards of Conduct or fraud might possibly involve the Executive Director, the employee should go directly to the Chair of the Audit Committee.

##### Accounting and Auditing Matters

The Finance Committee shall address all reported concerns or complaints regarding corporate accounting practices, internal controls, or auditing. The Compliance Officer shall immediately notify the Audit Committee of any such complaint and work with the committee until the matter is resolved.

### Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation of the Standards of Conduct must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

### Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

### Handling of Reported Violations

The compliance officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within 10 business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

## **32. STANDARD OPERATING PROCEDURES AND OPERATIONAL PLAN**

**Policy:** The Executive Director shall ensure the existence and maintenance of written standard operating procedures and create an annual operational plan of programs and activities within the approved budget.

**Procedure:** The Executive Director will provide evidence of a manual of standard operating procedures (SOPs) and an operational plan of programs and activities within the approved budget to the Board of Directors within the first month of the fiscal year.

## **33. GIFT SHOP OPERATIONS (TO COME)**