

HARBOR BRANCH OCEANOGRAPHIC INSTITUTE
— FOUNDATION —

FINANCIAL POLICIES AND PROCEDURES

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Policies Approved by the Board of Directors on April 24, 2014
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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 President & CEO 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 President & CEO. The President & CEO 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:

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1. BUDGETING OF FUNDS

Policy: The President & CEO develops and recommends the Foundation's annual operating budget to the Board of Directors 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: The President & CEO 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, adjusts at its March/April meeting for recommendation to the Board of Directors at its April meeting. At the April Board meeting, the Board votes to approve or approve with modification the annual budget. Should external or internal factors warrant, the President & CEO 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 President & CEO 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 President & CEO 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, accruals for sick leave, annual leave and paid time off, and prepaid expenses or deferred revenue.

1. 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 President & CEO 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.

2. 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 President & CEO may add to or delete from the Chart of Accounts as needed. The President & CEO is authorized to approve payments and assign account numbers for each revenue and expense item in accordance with the Chart of Accounts.

3. FINANCIAL STATEMENTS

Policy: Monthly Financial Statements are provided by the Director of Operations to President & CEO.

The external Accountant/Bookkeeper prepares quarterly Financial Statements for review by the President & CEO and the Finance Committee. The President & CEO 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 President & CEO 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 President & CEO with an end of each month report by electronic mail. Such reports will include a Balance Sheet, Statement of Profit and Loss Budget versus Actual, and P&L Previous Year Comparison. The Statement of Profit and Loss Budget versus Actual, and the P&L Previous Year Comparison 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.

External 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
- Reconcile all bank statements, print reconciliation reports and bank statements

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 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 quarterly compiled financial statements for President & CEO 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 President & CEO will bring the need for such openings or closings to the attention of the Finance Committee, to approve on behalf of the Finance Committee any account agreements and terminated/amended/changed/revised signatories on the accounts per corporate resolution. Signatories are revised when there is a change in any officer or the President & CEO position on all existing accounts.

Comment [kk1]: The President & CEO is an officer of the corporation

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 President & CEO. In general, the President & CEO 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 \$10,000 or over. Exceptions to this include:

- ~~The frequent~~ Any Specialty License Plate revenue from the State of Florida ~~payments to others that is subsequently passed through from HBOIF to HBOI via FAU Sponsored Research, as well as including grants payments.~~ Guy Harvey Foundation and Wyland Foundation, and SLP Marketing expenses, may have one signatory.
- Reimbursements to board members and the President & CEO for expenses incurred will require officer approval, and may be signed by single signatory.

9. BANK ACCOUNT RECONCILIATION

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

Procedure: The President & CEO 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 reconciling bank account statements. Reconciliations shall be completed monthly and the computer-generated reconciliation reports with the bank statements shall be presented to the President & CEO 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 President & CEO opens the mail and stamps incoming checks with the appropriate endorsement stamp and logs the checks onto the Income Log which is filed in the President & CEO's office.
- The President & CEO gives the checks to the Director of Operations to prepare and make the deposit via desktop deposit within two business days.
- A record of the transaction is printed and recorded on the internal Deposits spreadsheet; both are filed in the hard Deposits file under Financial – Banking.
- The Director of Operations enters the deposit into QuickBooks.

INCOMING CHECKS

Incoming mail addressed to HBOIF goes to the President & CEO. Mail containing checks is processed as follows:

HBOIF Income

Any checks made out to "HBOIF" that are clearly for HBOIF purposes (e.g., rent checks, **Love Your Lagoon** checks, refund checks, etc.) will be logged onto the Daily Income Log by the President & CEO, endorsed, and forwarded to the Director of Operations for deposit. For internal controls, the Daily Income Log will be cross-checked monthly by the Administrative Assistant against the actual deposit records after receipt of the bank reconciliation and bank statements from the external accountant.

HBOIF Donation - Unspecified

Donation Checks addressed to HBOIF that are made out to "HBOIF" that are not accompanied by a written donor request for a specific HBOI purpose will be deposited to the HBOIF bank account.

HBOIF Donation – Specified to HBOIF Endowment

Donation Checks addressed to HBOIF that are made out to "HBOIF" which are specified for the HBOIF Endowment will be invested in the HBOIF Endowment account.

HBOIF/HBOI Donation – Clearly designated for General HBOI Research with no other donor specification

Donation Checks made out to either "HBOIF" or "HBOI" that are clearly intended by supporting documentation or other written explanation to support general HBOI research with no other donor specification should be processed as follows:

- a. President & CEO stamps check with special FAUF endorsement stamp and logs it onto the Daily Income Log
- b. Check is given to Director of Operations to fill out FAUF Deposit Form found online:
<https://fauf.fau.edu/forms>
(sample found in FAUF Deposits hard file located in Director of Operations office)
- c. On the form, specify the "HBO000 HBOI General Support Fund"
- d. Print form on **green** paper for FAUF
- e. Scan the Deposit Form, check (redact account number), envelope, and all enclosed backup to S-drive>Fundraising>Donors>HBO000 Fund **NEED TO CHECK FOLDERS ON "S" DRIVE----FUNDRAISING AND FUNDRAISING – HBOI DEVELOPMENT MAY HAVE DUPLICATE FILES**
- f. Print a copy of all and file in HBOIF FAUF Deposits hard file
- g. Paper clip **green** copy of FAUF Deposit Form, original check, envelope, and all backup and send inter-office mail to: Sharon Brown FAU Boca – AD10 – 295
- h. Email HBOI ED, with copies of donation attached, informing them of the deposit.

By March 30 of each year, HBOI may submit a proposal to the Grants Committee for consideration of the use of any funds in excess of ~~\$1,000~~ \$5,000 that are in HBO000 at the time. The Grants Committee would review said proposal and if agreed would recommend approval to the Board of Directors for its consideration at the Spring (typically April) Board Meeting. Any grant funds would be available for project/use commencing the fiscal year following with all HBOIF grant terms and conditions attached as stated in a funding letter.

HBOIF/HBOI Donation – Clearly designated for HBOI Research with donor specification

Donation Checks made out to either “HBOIF” or “HBOI” that are accompanied by supporting documentation or other written explanation of donor intent for a specific area of research at HBOI should be processed as follows:

- a. President & CEO stamps with special FAUF endorsement stamp and logs it onto the Daily Income Log as forwarded to FAU.
- b. These checks (along with their postmarked envelopes and enclosed backup) are given to the HBOI Development staff to be processed.

FAU/HBOI Donation

Donation Checks received in error by the Foundation which are made out to “FAU/HBOI” (e.g., specifically containing “FAU” or “Florida Atlantic University”) will be forwarded to the FAU/HBOI Development team; no endorsement will be stamped by HBOIF.

CREDIT CARD DONATIONS

For HBOIF:

Credit card donations to HBOIF are made online via Network For Good:

<https://www.networkforgood.org/donation/MakeDonation.aspx?ORGID2=591644333&vIrlStratCode=Ma%2fXADeM%2fXWp9aRUCrDcUwOetGsQE6JICb7XA2VJK2phNEBpLbwrWS03eLTpU5Dp>

Automatic receipts of payments/donations are generated online. If a donation is made to HBOIF, the President & CEO will mail letters of acknowledgement.

For HBOI:

Credit card donations for HBOI are made by visiting the FAU/HBOI website:

<https://fauf.fau.edu/hboi>

Automatic receipts of payments/donations are generated online by Network for Good. For donations over \$250.00, the President & CEO will be informed by the Director of Operations and he/she will mail a letter of acknowledgment.

If an online donation is made to HBOI via the FAU/HBOI website, an acknowledgement is sent by the FAU Foundation.

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 President & CEO 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 President & CEO 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 the accounts receivable ledger should be reviewed and approved by President & CEO.

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 President & CEO 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 President & CEO
2. Invoices are forwarded to the Director of Operations for verification against order and budget.
3. The Administrative Assistant 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 Director of Operations for account verification, and then to the President & CEO for approval for payment.
5. Approved for payment invoices are scanned and forwarded to the external Accountant/Bookkeeper for processing via email by the Administrative Assistant.
6. Approved invoices are returned to the President & CEO to hold until checks arrive from the external Accountant/Bookkeeper.

7. President & CEO will match the checks with the approved invoices, perform a final review of the documentation, and sign the checks.

4.8. Documentation and signed checks are routed back to the Administrative Assistant 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 President & CEO.

Any other adjustments to the accounts payable ledger should be reviewed and approved by President & CEO.

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 and the Director of Operations if the check was voided at the Foundation offices.

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. **External Accountant/Bookkeeper will notify the President & CEO via email that blank checks were requested by the Director of Operations and provide the check numbers of the blank checks. The blank checks are mailed or couriered directly to the President & CEO.**

SLP Payments

Invoices for regular SLP expenditures are mailed and emailed to HBOIF. Some bills are mailed to the SLP Marketing Coordinator who marks the bills with the GL account, license plate class, and what they are for and forwards them to the Director of Operations. When in doubt, particularly to non-regularly occurring invoices, the SLP Marketing Coordinator contacts the Director of Operations to ensure the appropriate GL account line.

Kinds of bills that come in:

- Online Advertising
- 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)

13. COMPENSATION

Policy: The Board of Directors sets compensation for the President & CEO. The President & CEO 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 President & CEO to ensure competitive market attractiveness for retention and to ensure against excessive compensation for that position. The President & CEO'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, ~~tefor~~ the approved salary within the organizational budget. Leave accruals and usage will be taken from biweekly timesheets and reflected on payroll by the external Accountant/Bookkeeper.

Procedure: All employees are paid on a bi-weekly basis. 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 reports on his/her bi-weekly timesheets. Each employee is responsible for providing on his/her timesheets an accurate record of hours worked and hours used of paid time off/annual leave/sick leave (as appropriate) used that pay period. The President & CEO approves the time sheets and forwards them to the Director of Operations. Approved timesheets are then forwarded to the external Accountant/Bookkeeper no later than 5:00 pm every other Tuesday. The external Accountant/Bookkeeper processes payroll based on the timesheets. Time-sheets are filed 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. At year end, Staff work with the Auditors to~~

appropriately allocate salaries, fringe benefits and other expenses to program, administrative and fundraising.

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 ~~November 2016~~ October 2017 is used as the guiding document.

17. ENDOWED AND RESTRICTED FUNDS

Policy: The Foundation maintains an Endowment Fund which is comprised of temporarily restricted funds. The Board may establish 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 President & CEO 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 President & CEO or the Finance Committee to ensure expenditures are within donors' restrictions.

20. DEVELOPMENT POLICIES

1. Gifts and grants may be solicited and accepted for purposes that are consistent with the mission of the Foundation. The President & CEO is responsible for making such determinations of consistency.
2. The President & CEO 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 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 President & CEO, 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 has 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 President & CEO 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 President & CEO.

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

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 reimbursement 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 year-end, 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 President & CEO.

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 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 for accommodations that are required to conduct approved and official Foundation business. All Foundation-related travel must be approved in advance by the President & CEO. 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 are suggested guidelines 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 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. Petty Cash

Policy: This policy establishes the proper uses and administration of petty cash funds. When other disbursement methods cannot be used, petty cash funds can provide cash on hand to cover minor expenses, such as reimbursement of staff members and visitors for small expenses such as taxi fares, postage, office supplies, generally not to exceed \$50 per item (excluding postage, FAU parking permits). The Foundation requires each petty cash fund to have an approved Custodian, who documents expenditures, keeps receipts, and safeguards the funds.

Procedure: The petty cash "bank" is established at \$500.00. Receipts are presented to the custodian for reimbursement by HBOIF staff. Receipts are required for reimbursement and purpose of expense is noted on the receipt if not self-explanatory. The petty cash "bank" is reconciled monthly using the following template. Reimbursement of petty cash is generally requested quarterly and submitted as a check request with receipts attached. Check request is approved by President & CEO, and signed check is cashed by the petty cash custodian.

Policy: Certain designated Foundation Staff and at times the HBOI Executive Director 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 Treasurer of the Board shall review the President & CEO's ~~debit or~~ credit card transactions on a monthly basis.

Procedure: Staff members using an authorized Foundation card must submit original, itemized receipts to the Director of Operations for inclusion with the credit card statement when it is presented to the President & CEO for approval for payment. Receipts should be accompanied by a short description (who, what, purpose). Any Staff member who uses the Foundation card without submitting receipts will lose credit card privileges.

Lost or stolen cards should be reported to the credit card company and President & CEO immediately.

Abuse of this policy may result in immediate termination.

27-28. 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
- Railroad Liability Insurance
- Workers Compensation

Procedure:

The President & CEO 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.

28-29. 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 service which conducts 24/7 back up of the Foundation's online database system.

29-30. 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 President & CEO. In general, the President & CEO 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.

30-31. 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 President & CEO. 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 President & CEO no later than July 15.

The President & CEO 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 President & CEO 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 President & CEO. 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 President & CEO's conflict of interest and review his/her form and disclosure annually and make any needed recommendations accordingly per the above.

34.32. 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 President & CEO), 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 President & CEO. In the case where suspected violations of the Standards of Conduct or fraud might possibly involve the President & CEO, 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.

32-33. STANDARD OPERATING PROCEDURES AND OPERATIONAL PLAN

Policy: The President & CEO 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 President & CEO 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.