



Helping your business...
that's what we do.

FINANCIAL POLICIES and PROCEDURES MANUAL

Presented to the Executive Board June 2016
(Revised 9/2016)

708 Main Street
Coppell, Texas 75019
Phone: 972.393.2829

www.coppellchamber.org

Mission Statement: The Coppell Chamber of Commerce works to foster and promote the growth of business in our community through our combined expertise, resources and leadership. We work together to create a positive business atmosphere in which growth and prosperity go hand in hand.

**Coppell Chamber of Commerce
FINANCIAL POLICIES AND PROCEDURES MANUAL
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BASIC POLICY STATEMENT

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

The policy and procedural guidelines contained in this handbook are designed to:

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

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

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

LINE OF AUTHORITY

A System that Clearly Outlines Who Has the Authority and Responsibility for the Financial Assets of the Organization and Provides Guidelines for Handling and Controlling Their Accumulation and Consumption

The Board of Directors

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

Executive Committee

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

have whatever authority as may be designated by the Board of Directors -- usually has the authority to choose the auditor; perform regular, in-depth reviews of the organization's financial activity; oversee the development of the annual budget; determine the allocation of investment deposits

Chief Executive Officer

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

Accounting Manager/Director of Operations

has whatever authority as may be designated by the President/CEO -- usually has the authority to design the organization's accounting system; make decisions regarding the disposition of investments within the parameters of the investment policy; make fixed asset purchase decisions over a certain dollar amount; make decisions regarding the allocation of expenses

Chamber Staff

have whatever authority as may be designated by the President/CEO -- usually has the authority to make spending decisions within the parameters of the approved department or program budget subject to the approval of the CEO.

FINANCIAL CONTROLS AND OPERATING PROCEDURES

OPERATING PROCEDURES

The **Accounting Manager/Director of Operations** will also function as Accountant with primary responsibility for designing and maintaining the accounting system. Bookkeeping support may be provided by other staff as designated. Monthly reports shall be made to the President covering, at a minimum, receipts, disbursements, receivables, and payables.

The **President** will be required to include budget comparisons in periodic financial reports to the Treasurer and the Board. Standard Journal Entries should be reviewed by the President for reasonableness and approved for posting to the general ledger. (Non-standard journal entries are to be reviewed by the auditor). Journal entries are pre-numbered and are accounted for monthly.

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

The **Board of Directors** will be required to secure an independent audit periodically as deemed necessary.

SEPARATION OF DUTIES

- The check signer(s) must not be the person who writes checks or who does the bookkeeping.
- Bank statements are reconciled by someone other than the check signer and if possible someone other than the check writer.
- Deposit documentation and reconciliations are prepared by a person other than the one recording the receipts when possible.

FINANCIAL REPORTING

A Process for Assessing the Financial Implications of Program and Operating Plans and Activities

- Annual budgets are prepared by the President, presented to the Finance Committee, and approved by the Board.
- Budgets are reviewed and are adjusted as necessary to reflect changing conditions.
- A Chart of Accounts is available and used to code receipts and disbursements to the proper accounts.
- Non-standard journal entries are discussed with the CPA to ensure proper accounting treatment.

Timely and Accurate Financial Information that is Understood and Used

- Monthly Financial Reports are provided to the Treasurer and the Budget & Finance Committee within 30 days of the close of the period.
- Financial Reports are provided to the Board of Directors at each Board meeting.
- Reference explanations for any and all budget variances of 10% or more are contained for the above referenced reports.
- Annual audits will be conducted by an independent CPA as deemed necessary. Copies of these reports will be made available to the public.
- The Fiscal Period for the organization shall be January 1 through December 31.

SAFEGUARDING ASSETS

- The President/CEO shall have primary responsibility for ensuring that proper Financial Management procedures are maintained and that the policies of the Board are carried out.
- The Executive Committee shall provide fiscal oversight in the safeguarding of the Assets of the Organization and shall have primary responsibilities for ensuring that all internal and external financial reports fairly present its financial condition.
- A proper filing system will be maintained for all financial records.
- Actual income and expenditures will be compared to the budget on a monthly basis.
- All excess cash will be kept in an interest bearing account.

- Bank statements are promptly reconciled on a monthly basis.
- Documents on all securities and fixed assets will be kept in a locked fire-proof file. Inventory records will contain description, serial numbers, date of purchase or receipt, valuation, and date of valuation.
- Appropriate insurance for all assets will be maintained.

PAYROLL CONTROLS

- Personnel files are to be maintained at organizations' site for all employees. Changes in payroll data (i.e., pay changes) are approved by the President/CEO within the budget guidelines prior to files being updated.

COMPUTER CONTROLS

- The Accounting Manager is responsible for inputting the financial data into the computer for generating financial reports. Only the Accounting Manager and the President will have access to the password required to log onto the system.
- Batch totals are calculated prior to input and compared to batch totals calculated by the system. Any errors made during the inputting of information will be corrected.
- Detailed printouts of cash receipts and cash disbursements are to be obtained. The Accounting Manager is responsible for comparing the detailed printouts to source documents for accuracy.
- All subsidiary account balances are reconciled to the control accounts monthly.

POLICIES ON DISBURSEMENTS

- The President has (a) expenditure approval up to the parameters set by the annual operating budget as approved by the Board, and (b) single signature authority up to and including \$2,500. **The deliberate splitting of vouchers or invoices which have the sole purpose or effect of meeting the parameters of this authority is expressly prohibited.**
- Expenditure requests will be initiated in writing and approved within specified authority by the President.
- Pre-numbered check requests should be used and sequences accounted for monthly.
- The President approves check requests after comparing to supporting documentation. The Accounting Manager prints the pre-numbered checks only with approved requests. The unsigned check, support and request are presented to authorized check signers for their signatures (information on checks is compared to support for accuracy).
- Two signatures are required on all organizational checks over \$2,500. The President's personal expense checks require a signature other than the President.
- All disbursements, except petty cash, are made by check and are accompanied by substantiating documentation.
- All checks are pre-numbered and accounted for monthly.
- All voided checks must be defaced and retained either on the check stub or with canceled checks.
- **No checks may be written to "cash" or "bearer".**
- Vouchers are required for all petty cash disbursements. The petty cash fund is reconciled (beginning amount less voucher amounts) before the fund is replenished. Checks are written only after an approved check request has been presented.
- The President and one of three Board members are the two signatures which are required on all checks over approved limits. If the President is absent, two Board members' signatures are required.
- **Blank checks may never be signed in advance.**

INDIVIDUAL POLICIES

Accounting Methods

It is the policy of the Chamber to utilize the accrual basis of accounting for monthly financial statements that recognizes when the cash is received and expenses when payment has been made. The annual audited financial statement will be done on the accrual basis of accounting.

Advance Funds

A written request for the amount required should be approved by the President and submitted to Accounting Manager at least one week in advance of the need. Employees must account for all expense advances within 30 days after completion of the trip or other special event that the money was advanced for. Employees will not be allowed any further advances until the current advance has been accounted for.

Amortization

It is the policy of the Chamber to amortize leasehold improvements exceeding \$2,500 individually over the remaining length of the lease term.

Asset Management & Inventory

The President shall ensure that an inventory is taken of all physical assets and property of the Chamber annually by the Accounting Manager.

All physical assets with a value of greater than \$500 and a useful life of greater than one year shall be defined as a fixed asset. A record of all fixed assets shall be kept. All fixed assets shall have a specific description of the asset including brand name, model, and serial number of the asset. The record for the asset shall also include the location of the asset, and the approximate value of the asset.

In consultation with the Treasurer, depreciation schedules with appropriate asset lives and depreciation rates shall be established.

All physical assets with a value of less than \$500 shall be defined as a consumable asset. A record of consumable assets shall be kept. All consumable assets shall have a description of the asset, the number of items in the inventory, and the per item cost.

The President must generate a report which includes a description of any physical asset disposed of, the original cost of the asset, sales price and the purchaser of the asset. This report must be forwarded to the Treasurer and the Budget, Audit & Finance Committee annually.

Audits

An annual audit shall be conducted on all accounts of the Chamber. The Audit shall be overseen by the Executive Board, chaired by the Board Treasurer.

The audit results shall be reported to the Chamber Board of Directors.

Audited Financial Statements

It is the policy of the Chamber to direct the President/CEO to distribute the audited financial statements to the Board of Directors and to organizations entitled to receive a copy because of contractual agreements. The decision to publish the statements or otherwise make them available to the membership will be made by the Board at its meeting following the issuance of the statements.

The authority to distribute the statements to other individuals or firms requesting them will be left to the discretion of the President/CEO.

Bad Debt Procedures

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

If a receivable is deemed uncollectible, the following approvals are required before write-off implementation.

AMOUNT

\$300 or less

INDIVIDUAL

President and accounting manager
are responsible for the revenue.

In excess of \$300 Treasurer of the Board and the
President are responsible.

Once a write-off has been implemented, appropriate individuals in the Chamber are to be advised to ensure further credit is not allowed, and to update the master list of bad accounts.

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

Bank Reconciliations

It is the policy of the Chamber to have Bank Reconciliations performed by an outside party each month.

Bartering Prohibited

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

Any other type of bartering agreement in any form must be approved by the President/CEO and may include the Board of Directors.

Bid Requirements

It is the policy of the Chamber to require bids for the following expenditures and to make an effort to allow ONLY qualified Chamber members to bid:

- | | |
|------------------------|--|
| Printing: | Written quotes are required for all printing expenditures exceeding \$1,000. |
| Capital Purchases: | Written quotes are required for all Capital Purchases exceeding \$2,000. |
| Inventory Purchase: | Three (3) written quotes are required for all Inventory purchases exceeding \$1,500. |
| Professional Services: | Professional services, including CPA firms and law firms, will be evaluated every five years and requests for proposals will be prepared and sent to qualified member firms, excluding the current CPA firm. |

Budgeting & Regular Financial Reporting

Each year, at least one month before fiscal year end, the President shall submit a budget proposal to the Executive Committee as a recommendation for next year's operating budget. The budget shall be submitted to the Board of Directors for approval at the January Board meeting.

All proposed budget amendments are to be submitted to the Treasurer in writing 30 days prior to a scheduled Chamber Board of Directors meeting. The Treasurer shall present the proposal to the Budget, Audit & Finance Committee for review and recommendations. The Treasurer shall present the proposed amendment, along with the Budget, Audit & Finance Committee recommendation, to the Chamber Board of Directors for final action.

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

No membership investments paid into the general fund shall be earmarked for any Chamber of Commerce department or activity.

All membership investments shall go into the general fund and appropriations for activities and departments shall be made on budget approval.

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

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

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

When, as a matter of general practice, a special Chamber fund is planned, no obligation is incurred for the use of such special fund until the raising of such funds is actually completed. Only duly authorized officials may sign

checks for The Chamber financial accounts, as follows: Any two of the following: The Chairman of the Board, the Chairman of the Board-Elect, the Immediate Past-Chairman, the Treasurer, the President and the Vice-President.

Members shall always have preference in the purchase of supplies for the Chamber.

Cash Disbursements

All invoices received are stamped with the date received by the administrative assistant, and are directed to the Accounting Manager.

The Accounting Manager obtains approval of all invoices and expenditures by the President/CEO, or the authorized person who made those purchases.

The Accounting Manager prepares all checks for the approved expenditures, using pre-numbered checks.

The checks, with support documentation (approved invoices, check requests), are forwarded to the President. The President reviews all checks and supporting documentation prior to signing checks. Any check for amounts over \$2,500 need a second signature. The Accounting Manager will be responsible for obtaining the second signature from an authorized board member.

After the checks are signed, the Accounting Manager stamps the check request and all supporting documentation "PAID", noting check number and date. The Accounting Manager is responsible for mailing all checks.

The Accounting Manager will file one copy of the check, with supporting documentation attached, in numerical order.

The Accounting Manager posts to the general ledger on a timely basis, using the cash disbursements journal. Someone independent of the individual responsible for cash receiving shall review bank reconciliation.

Cash Receipts

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

- a. opening the mail and listing the receipts
- b. posting the accounts receivable
- c. signing checks

All checks and cash receipts received through the mail are restrictively endorsed immediately by the secretary and recorded in the cash receipts register, listing the date received, the payer, check #, and amount received.

The staff assistant will make two copies of each cash receipt, and deliver all cash received and copies to the Accounting Manager.

The Accounting Manager shall prepare the bank deposit daily, attaching a copy of the deposit slip and deposit receipt to the cash receipts copies.

The Accounting Manager shall code all cash receipts according to the chart of accounts, and compare the cash deposit receipt with the secretary's listing of cash receipts for that day, to ensure that all cash receipts are deposited in the bank account. The Accounting Manager then prepares a deposit summary sheet, attaching 1 copy of each cash receipt, the deposit slip copy, and the bank deposit confirmation slip. The second copy of the cash receipt is filed by type of revenue/support.

The Accounting Manager prepares the cash receipts journal on a timely basis, using the cash receipts summary sheet.

Cash withdrawals from the bank are made only with the President/CEO's or Treasurer's written approval.

Chamber Management & Control

All income of the Chamber shall be deposited into a member financial institution insured by the FDIC (Federal Deposit Insurance Corporation).

Monies deposited in any one institution shall not exceed FDIC Insured limits

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

General Operating Account shall be a checking account opened by the President at a member financial institution, insured by the FDIC (Federal Deposit Insurance Corporation) and approved by the Board.

Investment Account(s) may be established by the President, with approval of the Board, to invest cash not required for operations. Investments shall be limited to savings accounts, money market accounts, certificates of

deposit, and governmental securities. The priority for investment criteria shall be (1) security, (2) liquidity, and (3) rate of return.

All accounts of the Chamber shall be in the name of the Coppell Chamber of Commerce.

The Board Chairman, Chair-Elect, Immediate Past Chair, Treasurer, and President shall be a signatory on all Chamber accounts.

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

Chart of Accounts

It is the policy of the Chamber to maintain a chart of accounts. All employees involved with accounting coding responsibilities or budgetary responsibilities will be issued a chart of accounts, and the chart of accounts will be updated on a routine basis.

Check Endorsement Stamp

It is the policy of the Chamber to endorse checks with a stamp as follows:

For Deposit Only
Coppell Chamber of Commerce
(Bank Name)
(Account Number)

Incoming checks will be endorsed before they are delivered to the staff accounting manager.

All incoming cash or checks will be receipted in a numbered receipt book by an individual other than the person depositing the funds.

Check Signers

It is the policy of the Chamber to give check signing authority to the following persons: The Board Chairman, Chair-Elect, Immediate Past Chair, Treasurer, and President shall be a signatory on all Chamber accounts.

The check signing policy of the Chamber shall be as follows: All regular checks require two signatures; checks drawn for \$2,500 or less may be signed by the President. Checks drawn for \$2,500 or more must be cosigned by a designated volunteer officer of the Chamber and the President or, if in their absence, by two designated volunteer officers.

Additionally, individuals involved with check preparation and bank reconciliations are prohibited from having check signing authority.

Contract Signing Authority

It is the policy of the Chamber to grant authority to sign contracts to the President/CEO as long as the financial implications of the contract are included in the Chamber's Board approved budget.

If the financial implication of signing a contract is not included in the Chamber's budget, Board of Director's approval is required before authority to sign the contract is granted.

CPA Firms

THE ENGAGEMENT LETTER

It is the policy of the Chamber to review the draft of the CPA engagement letter before it is signed to ensure it covers matters important to management.

The engagement letter will be reviewed at the Board of Directors' meeting immediately before the audit commences. Board approval is required before the President/CEO, Treasurer or the accounting manager is given authority to sign the document.

THE MANAGEMENT LETTER

It is the policy of the Board of the Chamber to discuss the CPA management letter with representatives of the auditing firm and to direct staff as to the appropriate action required to correct deficiencies addressed.

SELECTION OF FIRM

It is the policy of the Chamber Board to contract with the CPA firm selected to audit the Chamber for a period of five years.

Credit Card Charges

The Chamber maintains certain credit card(s), which are allocated to certain staff members for business purposes only and should not be used for personal reasons. Signed receipts for all charges should be turned in to the Accounting Department on a regular basis.

Any credit card obtained by the Chamber for business use by an employee is for Chamber business use only. Cardholders may not, under any circumstance, use the credit card for personal purchases nor for guaranteeing any type of personal reservations (hotel, rental cars, etc.) nor for any other non-Chamber business use.

Any personal use of the Chamber business credit card will be grounds for disciplinary action, up to and including termination.

Chamber credit cards are generally to be used for business travel. Because of the lack of documentation, it is always preferable to request a check in advance for your purchases as it provides a better audit trail.

For any business purchases you make using the Chamber credit card you must obtain a receipt for the purchase and attach it to your credit card statement when submitting it to the bookkeeper for payment. If you use your credit card to pay for a meal, you must indicate on the receipt who was in attendance and the purpose of the meal. If you permit other staff members to use your credit card for approved purchases; it is your responsibility to obtain from them a receipt for the charge. All monthly statements for credit card accounts must go directly to the accounts payable manager and not to the individual cardholder. H/She will then give you the statement to reconcile and approve. Failure to approve statements promptly may result in late payment charges, which may in turn be passed on to you. Repeated failure to approve statements in a timely manner may result in forfeiture of your card.

Depreciation

It is the policy of the Chamber to depreciate fixed assets other than real property and electronic equipment using the straight line method over its useful life.

Real Property will be depreciated utilizing the straight line method over a 30 year period.

Electronic equipment will be depreciated utilizing the straight line method over a 5 year period.

Capitalized repairs and improvements will be depreciated utilizing the straight line method based on an analysis of the time the repair or improvement is expected to improve the property.

Fully depreciated fixed assets will remain on the chamber's statement of financial position until they are disposed of or otherwise deemed worthless.

Assets will be capitalized in accordance with the Chamber's capitalization cutoff point policy.

Dues Refunds

It is the policy of the Chamber to not refund dues payments to requesting members.

Expense Vouchers - Voucher Submission

Accumulating expenses is an everyday event in conducting business for the Chamber and the Chamber is committed to reimbursement of legitimate expenses as quickly as possible.

In order to accomplish this, the Expense Reimbursement form must be submitted NO LATER than 30 days from the time of the expense was incurred. All expenditures submitted for reimbursement older than 90 days from the date of the submitted form shall be automatically rejected. Any claimed expenditure over 90 days must be brought by the claimant before the Executive Committee for review and consideration for reimbursement.

Prior to submitting the Expense Reimbursement form, the form must be reviewed and approved by the Chamber President.

All staff expense reports shall be submitted on a timely basis and signed by the employee and approved and signed by the President.

Reimbursement of undocumented expenditures (no receipt) will not be considered, with the exception of reasonable tips. Expense report forms may be obtained from the Accounting Department

Federal Identification Number

It is the policy of the Chamber to have the Chamber's Federal Identification Number printed on the organization's invoices, statements, purchase orders and any other document that may trigger a customer's request for this information.

Financial Reporting

The President shall ensure that financial statements shall be prepared within fifteen working days after the end of each month comparing actual revenues and expenses with budgeted revenues and expenses. The President is responsible for distribution of the Financial Reports to members of the Finance Committee & the Board. The following reports and statement shall be provided:

- a. Balance Sheet
- b. Updated approved budget (Planned versus Actual)
- c. Overview of the CHAMBER monthly and YTD financials

Financial Statement Preparation and Distribution

It is the policy of the Chamber to prepare and distribute monthly financial statements. These statements will be prepared within fifteen (15) working days after the close of the month.

The statements will be distributed to the Board of Directors, the President/CEO and other key staff members.

Fiscal Year

The fiscal year is January 1 through December 31, per the Chamber bylaws.

Handling of Funds

Employees should direct all funds received by the Chamber, whether cash or check, immediately to the Accounting Manager. In his/her absence, funds should be turned in to the staff assistant who will record them in the receipt book and then turn the funds over to the Accounting Manager at the appropriate time.

Independent Contractors

It is the policy of the Chamber to evaluate criteria established by the IRS when assigning an individual employee or independent contractors status. Individuals qualifying as independent contractors will sign an Independent Contractor Agreement and will be issued IRS Form 1099 if compensation is \$600 or more annually.

Initiating Purchases'

The President approves all purchases within budget guidelines. The Treasurer shall approve *non-routine* purchases over \$500.

All goods received are inspected and counted when received.

The employee assigned to receive goods should not have the duties of purchasing or cash disbursement.

Invoice from vendor shall be matched with applicable receiving document. Invoice from vendor shall be reviewed for proper quantity and price and mathematical accuracy.

Invoice from vendor shall be posted to the general and accounts payable ledger within four (4) working days.

The employee assigned to process invoices should not have the duties of purchasing, receiving of goods, or cash disbursement.

Insurance

It is the policy of the Chamber to retain an independent insurance consultant or appoint a special Insurance Review Task Force of volunteers, to review the Chamber's insurance policies annually to ensure coverage and limitations adequately meet the needs of the Chamber, members and employees. A summary of the findings are presented annually to the Executive Board.

Insurance Coverage

These are the areas of insurance the Chamber should consider:

General Liability Coverage

This is typically the "core" coverage for a nonprofit. The most common occurrence covered by the policy is "slip and fall." Depending on the extent of the general liability coverage purchased, commercial general liability insurance may provide coverage for a wide range of negligent acts, which result in bodily injury, personal injury, advertising injury or property damage to a third party. It does not cover damage to property under your control.

Directors and Officers Liability Coverage

The key distinction with directors and officer's liability is that it is intended to cover wrongful acts that are "intentional" as opposed to "negligent." This is because directors and officers insurance is designed to cover actions and decisions of the board of directors. These actions may be in error and wrong, but they are, nonetheless, "intentional" acts. Most other types of insurance do not cover "intentional" acts. Among the items a good directors and officers' policy should include is broad coverage for all types of employment related actions, including wrongful termination, harassment, discrimination, failure to hire, etc. It should also pay defense costs as they are incurred, not on a reimbursement basis.

Employee Dishonesty – Fidelity Bond

This covers loss resulting directly from one or more fraudulent or dishonest acts committed by an employee whether acting alone or in collusion with others. Losses due to employee dishonesty are different from other losses making it difficult to determine the amount of insurance to carry. Loss of unrecorded assets could result from the following activities: theft from a cash register; pocketing money for which a receipt has not been given; padding of expense accounts; overcharging of fees for services; and walking off with assets.

Liquor Liability Coverage

Depending on the extent of the liquor liability coverage form, this insurance may apply to claims resulting from selling, serving, or furnishing alcoholic beverages. "Host liquor liability" coverage is provided in most commercial general liability coverage forms, and some nonprofits buy stand alone liquor liability coverage when the argument can be made that they are in the business of selling, serving, or furnishing alcoholic beverages. The need for liquor liability coverage is frequently misunderstood, and an insurance broker can be of assistance to determine if the coverage is needed or not.

Inventory (Property & Equipment)

It is the policy of the Chamber to maintain a complete inventory list of all Chamber property and equipment valued over \$100. Additionally, a review of the physical location of the property will be done annually.

Investment Policy

Investments

The treasurer and president, in accordance with the Investment Policy and Objectives, will be responsible for determining where and when money will be invested based on current investment advice, degree of financial stability of the Chamber, liquidity demands and available funds. The President/CEO may make account changes upon authorization and specific direction of the treasurer and/or president.

Investment Policy and Objectives

The objective of the investment program is to obtain the maximum possible return on organization funds while assuring adequate protection of invested assets. Because organization is a non-profit organization, investments should not be designed for speculation. It must be recognized, however, that all investments carry with them some degree of risk, not only as to the safety of the principal itself, but also with regard to the inflationary erosion which occurs from failure to achieve an adequate return on invested assets.

The Investment Policy segregates funds into two categories; Operating fund and Reserve fund.

THE OPERATING FUND:

Purpose: To provide sufficient cash flow to meet financial obligations

Objectives: Liquidity, preservation of capital

Maturity: Limited to one year or less

Allowable Investments: Checking accounts in only member federally insured banks & Savings Banks, Money Market funds, Certificates of Deposits.

THE RESERVE FUND:

Purpose: To improve the return on funds held for expenditure over the next 1-5 years, while managing investment risk

Objectives: Preservation of capital, liquidity, optimizing investment within a 1-5 year time frame Maturity: 1-3 years

Allowable Investments: FDIC insured Money Marker Accounts, Money Market Funds which invest in government back securities, Federally Insured Certificates of Deposits, all from member financial institutions.

IRS Forms:

FORM 990

It is the policy of the Chamber to allow public access to IRS Form 990. This access will be provided at the Chamber’s offices at a time mutually agreeable between the Chamber and the individual requesting the inspection. Requests for copies of Form 990 may be denied, and Form 990 will not be mailed under any circumstances without the approval of the President/CEO. A Log of Form 990 Inspections will be maintained. (See the Public and Member Access to Records sections of this manual.)

FORM 990-T

It is the policy of the Chamber to deny requests to inspect IRS Form 990-T as it is confidential information. (See the Unrelated Business Income Tax section of this manual.)

FORM 1099

It is the policy of the Chamber to complete IRS Form 1099 for all individuals and vendors receiving \$600 or more from the organization. A Log of Vendor Federal Identification Numbers will be maintained. (See the Independent Contractors Policy included in this manual.)

Loans Prohibited

It is the policy of the Chamber to prohibit loans to employees and members under all circumstances.

Member Access to Records

It is the policy of the Chamber to allow members to inspect the following records of the Chamber:

- Audited Financial Statements
- IRS Form 990 (Return of Organization Exempt from Income Tax)
- IRS Form 1023 (Application for Recognition of Exemption)
- Letter of Exemption from Texas Franchise Tax
- Exemption from Texas Sales Tax Exemption Form

Member Vendor Selection

It is the policy of the Chamber to encourage members to participate in submitting bids to the Chamber for goods and services in accordance with the Policy on Bid requirements included in this manual.

The President/CEO has the authority to select a nonmember vendor only when it is clearly in the best financial interest of the organization and the dues factor has been taken into consideration and the goods or services are not available locally or from a member firm.

Non-sufficient Funds Checks

It is the policy of the Chamber to include checks returned by the bank of non sufficient funds in the accounts receivable, non-sufficient funds account in the accounting records.

If the checks in question are eligible for redeposit, the subsequent deposit will reduce the receivable account accordingly.

If the check in question is prohibited from redeposit, the Chamber’s Bad Debts Policy will be implemented.

A non-sufficient Funds Check Log will be maintained and made available for the annual audit.

Paying of Invoices

The Coppell Chamber of Commerce seeks to maintain its credit standing at the very highest level at all times. This is accomplished by the prompt paying of its bills. Staff members should see that all bills, properly approved are delivered promptly to Accounting Department.

Payroll

Payroll and related benefits are to be paid only to those employees with positions and duties approved by the Board of Directors. *All payroll and personnel information is confidential.*

Salary ranges are recommended and Budgeted by the President and the Audit. Budget & Finance Committee and approved by the Board of Directors.

All employees must provide their name, address, and social security number. Employee files shall be maintained with all required federal and state tax forms and benefit plan elections.

The President shall approve any payment for overtime.

The individual assigned to sign the payroll checks shall be different than the individual who prepares the payroll. If a private sector vendor is utilized to provide payroll services, then payroll checks may contain an imprinted signature of a third party, independent of the Chamber.

Employee benefit plans shall be reviewed annually to ensure compliance with applicable laws and regulations.

Petty Cash Fund Disbursements

It is the policy of the Chamber to maintain a Petty Cash Fund of \$300.

It is the responsibility of the staff accounting manager to ensure that fund is kept under lock and key.

Disbursements from the Petty Cash Fund may only be made for approved expenditures. A receipt must accompany every disbursement. The receipt must be signed by the person receiving the cash and the accounting manager who disburses the cash.

The petty cash fund will be replenished at the end of every month. The petty cash replenishment check will be made out to the individual primarily responsible for maintaining the fund with the word "agent" following the person's name. The expenses will be reviewed and the resulting check will be signed by two authorized parties.

Processing Cash Received

Checks received should immediately be restrictively endorsed.

Cash receipts are posted to the general and accounts receivable ledger within four (4) days of receiving.

The employee who enters cash receipts to the accounting system is independent of the physical handling of cash.

Someone independent of the cash receipt function prepares bank reconciliation.

Public Access to Records

It is the policy of the Chamber to allow public access to Form 990 and Form 1023.

If anyone requests a copy of the organization's Form 990 Federal Information Return, the president and treasurer shall be notified. All such requests should be in writing and accompanied by a \$30 reproduction and handling charge.

The IRS requires that the last three years of federal tax returns, the IRS letter of determination, and the IRS application for tax-exempt status be made available to any person making the request. Members of the board receiving an inquiry must advise staff of the request on the same day the inquiry is received.

The original of Form 990 and Form 1023 will remain at the Chamber's offices without exception.

Purchasing Supplies & Equipment

Products and services should be obtained through members whenever possible.

1. General Supplies - General supplies will be approved by and ordered under the supervision of the Accounting Manager.

2. Special Supplies - Specific programs requiring special and/or large quantities of supplies will be approved by the President and charged against the specified program.

3. Bids - For items or services expected to exceed \$1,000 you will be required to obtain bids from all member firms able to supply that product service. Bid information should be retained through the Program Year.

Raising of Special Funds by the Chamber

The Board does not favor the raising of special funds by its committees other than those now being raised in the course of its regular program. New programs requiring the raising of funds must be approved by the Board.

As its effectiveness will be destroyed with continued money-raising campaigns, it is established that the Chamber of Commerce shall not raise or help raise special funds for other organizations, unless specifically approved by the Chamber Board.

Reserve Fund

The Coppell Chamber of Commerce annually prepares an operating budget of planned revenue and expenditures for its fiscal year. It is the goal of the Chamber to manage this budget with fewer expenses than income. Any surplus funds derived from this financial management and not directly related to such programs of the Chamber that are supported solely by designated funds may be set aside in the Reserve Fund.

The purpose of the Chamber's Reserve Fund shall be as follows:

1. To supplement the Chamber's income in severe economic times.
2. For capital expenditures
3. For unforeseen items not originally planned for in the Chamber's operating budget.

A formal request for use of Reserve funds must originate in writing from the President to the Chairman of the Budget, Audit & Finance Committee. Pending approval of such expenditures by the Budget, Audit & Finance Committee the Treasurer would recommend such expenditures to the Chamber's Executive Committee and Board of Directors.

It is a policy of the organization to have a goal of maintaining a minimum reserve equal to 50 percent of the annual operating budget (i.e. 50% of the current budgeted income.) The long-term goal is to have an amount equal to 100 percent of the operating budget set aside in reserve. Reserves shall be invested in accordance with the policy on "Investments and Objectives." Under the current (50%) policy, the funds may not be withdrawn without approval of the executive committee.

Receipts

With respect to meals, lodging, and travel, a receipt for all expenditures must accompany the request for reimbursement. In an exceptional case where a receipt is unavailable a person may submit an expense for no greater than \$20. Each receipt must have a diary notation. The receipt and the diary notation must have all of the following information:

- a. The amount paid,
- b. The name/location of the restaurant/entertainment facility
- c. The person(s) for who expenses were incurred,
- d. Other person(s) business relationship with CHAMBER, and
- e. The business discussion related to the expense.

Unless CHAMBER business is discussed, before, during, or after the meal, personal expenses shall not be allowed. As with the IRS, paper rules!

Records Retention and Destruction

It is the policy of the Chamber to retain records as required by law and to destroy them when appropriate. See Records Retention Policy in Chamber Operations Manual.

Reimbursement of Funds

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

The Chamber will reimburse the employee in full for all direct expenses relating to the trip but it will be the employee's responsibility to complete an expense report listing in detail, all expenses to be reimbursed. Receipts must support all expense items.

Reimbursement checks will be processed in the following manner:

1. Checks will be prepared and distributed on the same schedule as payroll checks (the 15th and 30th or the last working days prior to those dates).
2. To receive reimbursement, approved expense reports must be turned in to Accounting Department at least one week prior to the 25th and the 30th.

Travel Expenses

It is the policy of the Chamber to establish travel expenses limitations and guidelines as follows:

Authorizations - All travel requests approved by the President.

Personal Mileage - Employees will be reimbursed for use of their personal cars on Chamber business at the IRS approved rate per mile. Commuting mileage will not be reimbursed.

Public Carrier - Employees traveling by public carrier should purchase their tickets in the most economical manner available, which may include direct from carrier or from the internet. The most cost effective means of travel must be utilized, such as coach air fare must be used, without prior written approval of the President. Receipts are necessary. For all group travel Chamber member travel agencies must be allowed to bid.

Lodging - Lodging facility must be approved by the President. Employees will be reimbursed entirely for the basic room charges and applicable taxes. Receipts are necessary.

Meals - Employees will be on a per-diem basis for meals and tips. Current per-diem rates are based on what is deemed "acceptable" by the President. These figures include applicable taxes. Receipts are necessary for meals. Tips will be noted on meal receipts.

Taxi - Actual taxi fares, including tips, will be reimbursed entirely. Receipts are required.

Tips - Reasonable tips for baggage handling will be reimbursed. Receipts are not required.

Parking & Tolls - Parking fees and toll expense will be reimbursed. Receipts are necessary.

Car Rentals - Car rentals will be reimbursed if approved in advance. Receipts are required.

Travel reimbursements will be distributed at the next available pay period following receipt of properly approved requests.

Voided Checks

It is the policy of the Chamber to maintain a Voided Checks Log and document every check that has been voided, regardless of the reason.

If voided checks are physically available they will be stamped "VOID" and filed in the Chamber's Voided Checks File.

If voided checks are not available physically, the Chamber's copy of the bank's stop-payment order will be filed in a Stop-Payment Order File.

Write-Off Old Checks

It is the policy of the Chamber to write-off checks over 12 months old in conjunction with year-end procedures if the checks do not exceed \$100. When checks exceed this amount, contact with the payee will be initiated to resolve the issue. Written-off checks will be credited to expense originally charged.