

Loan Street

FINANCIAL POLICIES AND PROCEDURES

RELATIONSHIP TO BY-LAWS

These financial policies and procedures shall be implemented at all times consistently with the organization's by-laws.

FISCAL YEAR

The fiscal year of the organization is July 1 through June 30.

BUDGET

- I. **Budget Calendar.** The budget year shall be the same as the fiscal year of the organization.
- II. **Budget Format.** The budget shall be in a format substantially consistent with Appendix B.
- III. **Budget Process.**
 - a. **Presentation of Budget.** The Executive Director shall present a general annual budget for the operation of the organization to the board of directors for action no later than the June board meeting each year.
 - b. **Board action.** The board of directors will receive the report and recommendation of the Executive Director and adopt a budget based thereon.
- IV. **Administration of Budget.** Written documentation of expenses shall be provided to the organization's administrative office for payment of budgeted expenses. Expenses not anticipated and approved by the budget (either in type or amount) shall be referred to the board for review and direction as to payment.

BANK ACCOUNTS

- I. **Creation.** The organization shall maintain such bank accounts and investments as consistent with the organization's investment policy and as authorized by the board of directors from time to time.
- II. **Reconciliation.** Monthly account statements shall be sent by the financial institution to the Management Company and shall be delivered, unopened, to an employee of the Management Company who does not have signatory authority over the account. Promptly upon receipt of the monthly account statement, an employee of the Management Company who does not have signatory authority over the account shall reconcile the bank account transactions and ending balance with the financial records of the organization.

- a. **Signature Authority.** The following individuals have signatory authority on Loan Street bank accounts: The President
 - b. The Executive Director
- III. **Signature Requirements.** The Management Company has authority to issue checks up to and including \$5,000. For a n y c h e c k s that are greater than \$5,000, the Treasurer must review the documentation and approve payment in writing before the check is issued.
 - IV. **Transfer of Funds.** No funds shall be transferred by the Management Company to or from investment accounts (excluding transfers to and from a money market account) without approval of the board of directors.

RESERVES

- I. **Board Action.** All reserve accounts shall be in such investments and in such amounts as are established by the board of directors. The Management Company shall keep detailed records of all reserve transactions, with board minutes reflecting approval of all transfers of reserve funds.
- II. **Purpose of Reserves.** Loan Street should maintain sufficient reserves in either its bank account or in its investments to pay for expenses that may be required if the organization had to wind down its affairs or if its income stream is reduced but expenses continue to be incurred.
- III. **Accreditation Reserves.** Every Year, as part of the budgetary cycle, funds shall be designated as accreditation reserves for the express purpose of demonstrating that Loan Street maintains predictable and stable resources to meet the expectations of institutions, programs, and the public. These funds shall be determined through a review of Loan Street's capacity to support our accreditation mission by the Chair of Accreditation, the Loan Street Board President, Treasurer, and Executive Director. The basis of this determination will be two years' operational costs to maintain Loan Street's accreditation mission. These funds will be noted in Loan Street's monthly and annual balance sheet.

INVESTMENTS

- I. **Introduction.** Loan Street, from time to time, has funds that exceed its monthly expenses. Rather than leave all of those funds in a checking account, Loan Street desires to invest a portion of the funds in a conservative manner. This policy sets forth Loan Street's investment philosophy.
- II. **Investment Objectives.** The investment portfolio has the purpose of preserving assets while maximizing total rate of return. Investment assets are to be managed with diversification and little risk.
- III. **Guidelines for Investments.** All guidelines apply at time of purchase.
 - a. Any mortgage backed or asset back securities or state or local securities must be

- rated A or higher by Standards and Poor's or by Moody's
- b. Certificates of Deposits or other Bank instruments that are insured by FDIC are permitted.
 - c. Conservative investments with minimal risk are permitted.
 - d. Approval by the Board before any purchase is necessary.

RECEIPTS

- I. **General.** All organizational receipts for deposit shall be sent directly to the Management Company for handling. In the event the Treasurer receives receipts for deposit, they shall be mailed to the Management Company for deposit into the organization's bank account.
- II. **Recognition of Income.** Revenue will be recognized over the period to which it relates. Such amounts earned, but not received, will be reported as receivables. Such amounts received, but not earned, will be reported as deferred revenue. Membership fees are non-refundable and shall be recognized as income upon receipt. Revenue restricted by donor or other outside parties will be reported as an increase in unrestricted net assets if a restriction expires in the year in which the revenue is recognized. All other restricted revenue will be reports as an increase in temporarily restricted net assets.
- III. **Accounts Receivable.** All receivables shall be treated as fully collectible. Accordingly, no allowance for doubtful accounts is required. If accounts become uncollectible, they will be charged to operations when that determination is made.
- IV. **Checks.** All checks shall be restrictively endorsed immediately upon receipt whether by the Treasurer or the Management Company with the notation, "For Deposit Only, [Bank Name], [Account Number]." Copies will be made of all checks received and they, together with any corresponding invoices to which they pertain, will be maintained by the Management Company.
- V. **Cash.** All receipts of cash will be accompanied by the issuance of a cash receipt by the Management Company or any of its agents in a position to accept cash. The cash receipts shall be sequentially numbered and indicate the amount received, the purpose of the receipt, and be signed by the individual who received the cash on behalf of the organization. The Management Company shall maintain control of the cash receipts book at all times.
- VI. **Deposits.** All funds received for deposit by the Management Company shall be promptly recorded and deposited into the organization's checking account within a week of receipt. Deposits shall be made intact and cash shall not be returned back upon deposit.

DUES

- I. **Dues Amounts.** Loan Street dues amounts shall be assessed as follows:
 - a. Professional Members will be assessed \$100.00
 - b. Student Members will be assessed \$25.00.
 - c. Retired Members will be assessed \$25.00.

- d. Lifetime honorary memberships may be given to past presidents at no fee.
- II. **Basis for Dues Assessments.** Dues will be billed annually on a rotating basis. They will be assessed monthly to those whose memberships are expiring.
- III. **Dues Invoices.** Loan Street's administrative office will issue dues statements via e-mail prior to the expiration of the memberships.
- IV. **Posting Dues Policy.** This dues policy and rates will be posted in the membership section of the Loan Street website.
- V. **Dues Ledger.** The Management Company shall maintain a separate membership database, identifying the member name, the amount invoiced, the amount of payment, and the date of payment, and provide the ledger to the board of directors or any members thereof as requested.

DISBURSEMENTS

- I. **Disbursements.** Except as provided in the section below pertaining to Debit Cards, all disbursements shall be made by pre-numbered checks.
- II. **Cash Disbursement Vouchers.** Documentation shall be prepared for each invoice or request for reimbursement that details the date of the check, check number, payee, amount of check, and description of expense account(s) to be charged. Invoices or accompanying receipts will be attached as backup to the check stub.
- III. **Checkbook.** The Management Company shall maintain the organizational checkbook. Signatories to the organizational checking account shall be the President and the Executive Director. All individuals with signatory authority must be authorized by appropriate resolution of the board of directors.
- IV. **Check Preparation and Issuance.** The Management Company shall be responsible for preparing and processing all checks to vendors. The Management Company employee responsible for preparation and processing of checks shall not have signature authority over the checking account. Checks shall be mailed promptly upon signature and after all authorizations are received.
- V. **Disbursement Authorization.** The Management Company is authorized to make payments from the operating account for expenses within the approved budget up to and including \$5,000. Payments for unbudgeted expenses and payments for budgeted expenses above \$5,000 must be authorized in writing by the Treasurer.
- VI. **Debit Cards.** The organization may maintain debit cards to allow debit transactions on the organization's checking account. Use of organization debit cards shall be strictly limited to payment of legitimate expenses of the organization. In no event shall a debit card be used as an ATM card or otherwise to obtain cash. To the extent reasonably possible, all debit card users shall notify the Management Company of anticipated uses of the debit cards so sufficient

funds can be transferred into the organization's checking account to cover future debit transactions. As soon as practicable, but no later than ten business days following the use of a debit card, the debit card user shall send supporting documentation for each debit card transaction to the Management Company.

- VII. **Expense Verification.** Before signing any check, all check signatories shall review invoices and supporting documentation to verify that it is a legitimate expense of the organization. The Management Company shall verify vendor invoices for accuracy in quantities ordered and received, prices charged, and overall clerical accuracy. All paid invoices and supporting documentation shall be stamped "paid" to avoid duplicate payment and shall include the date of payment and number and amount of the check. Invoices from unfamiliar or unusual vendors shall be reviewed and approved by the Treasurer before payment.
- VIII. **Expense Reimbursements.** Requests for reimbursement of expenses incurred by organization officers, directors or members on behalf of the organization shall be checked for mathematical accuracy and reasonableness before approval. All requests for reimbursement shall be supported by receipts or other appropriate documentation and shall include a statement of the purpose for which the expense was incurred.
- IX. **No Cash Transactions.** Checks shall not be made out to "cash" nor shall checks be signed in blank.
- X. **Voided Checks.** Voided checks shall be defaced and kept on file.
- XI. **Prepaid Expenses.** Expenses related to meetings and conferences to be held in future periods will be classified as prepaid expenses and will be recognized as expenses in the period during which the meeting or conference occurs.
- XII. **Unpaid Invoices:** Unpaid invoices shall be maintained in an unpaid invoice file.

BOOKS AND RECORDS; FINANCIAL REPORTING

- I. **Chart of Accounts.** The organization's financial reporting will be consistent with a Chart of Accounts attached as Appendix A.
- II. **General.** The Management Company shall create and maintain all financial books and records. All such books and records shall be open to review by the Treasurer, other members of the board, and other authorized agents of the organization at all times.
- III. **Monthly Financial Reports.** On a monthly basis as soon as practicable after receipt of the monthly bank account statement and reconciliation of the internal financial records to the bank account statement, the Management Company shall provide to the Treasurer the following reports, who shall, in turn, promptly report in writing on the state of the organization's finances to the board:
 - a. A Statement of Activities showing monthly financial activity and reflecting beginning account balances, a detailed list of all cleared checks and other debits, a detailed list of all cleared deposits and other credits, ending account balances, a

detailed list of all outstanding but uncleared debit or credit transactions, and ending book balances. In addition, the monthly Statement of Activities shall report year-to-date financial activity and show variances compared to the annual budget. The Treasurer shall, after reviewing the same, cause the monthly Statement of Activities to be forwarded to all officers and directors of the organization to be considered as part of the agenda of the next meeting of the board.

- b. A copy of the monthly bank statement reflecting all checking account and other account activity, and any other monthly statements pertaining to the deposit or investment of organization funds.
- c. Documentation shall be maintained of all checks or other documents resulting in the debit of funds from any organization financial account. Documentation shall be maintained of all deposits or transfers of funds into any organization financial account. The Treasurer shall be provided with all information relating to deposits and debits on a monthly basis accompanying the monthly bank reconciliation.
- d. A Reconciliation Detail report showing the reconciliation between the check register and the monthly bank statement.

IV. **Annual Financial Reports.** On an annual basis as soon as practicable after receipt of the monthly bank account statement for the twelfth month of the fiscal year, the Management Company shall provide to the Treasurer the following reports:

- a. Annual Profit and Loss Statement showing income and expenses by budget category;
- b. End of Year Balance Sheet showing all organizational assets and liabilities as of the last day of the fiscal year; and

the Treasurer or Executive Director shall cause copies of all annual financial reports to be provided promptly to all members of the board.

V. **Publication of Annual Financial Reports.** Annual financial reports of the organization shall be made available to any member who requests the same. The annual financial reports shall be posted in the members' area of the organization's website.

VI. **Other Financial Reports.** The Management Company shall provide financial reports of all member meetings, including preliminary budgets and interim and final reports of income and expenses.

VII. **Form 990 reporting.** The Management Company shall be responsible for supplying such financial records to the organization's outside auditor as are necessary for the timely filing of the organization's annual IRS Form 990. The Treasurer will review and sign the 990 when it is ready to be filed.

CONTRACTS AND FINANCIAL COMMITMENTS

I. **Board Authority.** No employee, agent, independent contractor or other representative of the organization shall bind the organization to any contract

involving a financial commitment of the organization except upon the authorization of the board of directors, recorded in the minutes.

- II. **Signed Contracts.** All written contracts between the organization and any vendor or other provider of goods or services to the organization or its membership shall be signed on behalf of the organization by its President or the Executive Director.

AUDIT COMMITTEE AND ANNUAL FINANCIAL REVIEWS

- I. **Audit Committee.** The board as a whole shall act as an Audit Committee to fulfill its oversight responsibilities with respect to the audit of the organization's books and financial records and ensure a system of internal controls that the organization has established. The board shall annually hire an independent external auditor to audit the financial records.
- II. **Audit Committee Responsibilities.** The Audit Committee's responsibilities may include:
- a. Acting as liaison to the organization's external auditor.
 - b. Selection and review of the independent external auditor and review of the annual fees to be paid for services rendered by the external auditor and each proposed audit plan developed by management and the external auditor.
 - c. Review with the independent external auditor of the organization's annual financial statements and reports.
 - d. Review and evaluation of the management letter (if any) received from the independent external auditor and discussion of recommendations for any changes necessary to remedy problems identified in the letter.
 - e. At the completion of the audit, review the audit fieldwork process with the auditor. Obtain an understanding of the auditor's evaluation of management and whether the auditor encountered any difficulties or had any disagreements with management during the audit. Review all journal entries proposed by the auditors.
 - f. Interact with management to implement and monitor the internal control structure and to take steps to insure that the possible risks of fraud or embezzlement are mitigated.
 - g. Ensure that proper federal and state tax filings are completed timely.
 - h. Understand the organization's internal controls and have policies in place to update them as needed.
 - i. Periodically review the organization's insurance coverage and determine its adequacy.
 - j. Make recommendations necessary to improve the organization's efficiency and/or remedy problems identified by the committee or others.

- k. Identify and monitor related party transactions and review the conflict of interest, ethics and related party disclosure policies periodically and update as needed.
 - l. Monitor any legal matters that could impact the financial health and reporting of the organization.
 - m. Institute and oversee any special investigatory work as needed.
- III. **Access to Records.** The Management Company shall cooperate by providing the outside auditor access to such books and records of the organization as are necessary to carry out the audit function.

DOCUMENT RETENTION AND DESTRUCTION POLICY

This Document Retention and Destruction Policy of Loan Street identifies the record retention responsibilities of members of the Board of Directors, and administrative and service providers for maintaining and documenting the storage and destruction of Loan Street's documents and records.

- I. **Rules.** Loan Street's Board of Directors, and administrative and accounting service providers are required to honor these rules: (a) paper or electronic documents indicated under the terms for retention below will be transferred and maintained by Loan Street's administrative service provider or its equivalents; (b) all other paper documents may be destroyed after three years; (c) all other electronic documents may be deleted from all individual computers, data bases, networks, and back-up storage after one year; and (d) **no paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation.**
- II. **Terms for retention.**
- a. To be retained permanently:
 - i. *Governance records* – Charter and amendments, Bylaws, other organizational documents, governing board and board committee minutes.
 - ii. *Tax records* – Filed state and federal tax returns/reports and supporting records, tax exemption determination letter and related correspondence, files related to tax audits.
 - iii. *Intellectual property records* – Copyright and trademark registrations and samples of protected works.
 - iv. *Financial records* – Audited financial statements, attorney contingent liability letters.
 - b. To be retained for three years:

- i. *Lease, insurance, and contract/license records* – Software license agreements; vendor, hotel, and service agreements; independent contractor agreements; employment agreements; consultant agreements; and all other agreements (retain during the term of the agreement and for three years after the termination, expiration or non-renewal of each agreement).
- ii. *Correspondence files, past budgets, bank statements, publications, employee manuals/policies and procedures, survey information.*

c. To be retained for one year:

- i. *All other electronic records, documents and files.*

III. **Exceptions.** Exceptions to these rules and terms for retention may be granted only by Loan Street’s President.

CONFLICTS OF INTEREST

Directors and officers of the organization shall not have any personal or business interest that may conflict with their responsibilities to the organization. In the event any matter comes before the board of directors for action concerning which an officer or director or any member of an officer or director’s family has a personal or business interest, the officer or director shall fully disclose the same and shall not participate in any consideration of or decision related to the matter. The minutes shall reflect the disclosure and non-participation.

OFFICER/DIRECTOR/BOARD MEMBER CONFLICT OF INTEREST STATEMENT

This is to certify that, to the best of my knowledge, except as described below, I am not now, nor at any time in the past, have been:

1. A participant, directly or indirectly, in any material arrangement, agreement, investment, or other activity with any vendor, supplier, or other party doing business with Loan Street, which could result in personal benefit to me.
2. Material recipient, directly or indirectly, of any compensation, loans, gifts of any kind, or any free services, discounts, or other fees from, or on behalf of Loan Street or any person or organization engaged in any transactions with Loan Street.

Any exceptions to #1 or #2 above are stated below with a full description of the transactions and of the interest, whether direct or indirect, which I have, or had in the past year, in persons or organizations having transactions with Loan Street:

Please Print Name and Title: _____

Signature

Date

WHISTLEBLOWER POLICY

This Whistleblower Policy of Loan Street:

- I. encourages members, officers, directors and administrative and/or accounting service providers to come forward with credible information on illegal practices or serious violations of adopted policies of Loan Street;
- II. specifies that Loan Street will protect the person from retaliation; and
- III. identifies where such information can be reported.
 - a. **Encouragement of reporting.** Loan Street encourages complaints, reports or inquiries about illegal practices or serious violations of Loan Street policies, including illegal or improper conduct by Loan Street itself, by its leadership, or by others on its behalf. Appropriate subjects to raise under this policy would include financial improprieties, accounting or audit matters, conflicts of interest, ethical violations, or other similar illegal or improper practices or policies.
 - b. **Protection from retaliation.** Loan Street prohibits retaliation by or on behalf of Loan Street against members, officers, directors and administrative and/or accounting service providers making good faith complaints, reports or inquiries under this policy or for participating in a review or investigation under this policy. This protection extends to those whose allegations are made in good faith but prove to be mistaken. Loan Street reserves the right to take appropriate action against persons who make bad faith, knowingly false, or vexatious complaints, reports or inquiries or who otherwise abuse this policy.
 - c. **Where to report.** Complaints, reports or inquiries may be made under this policy on a confidential or anonymous basis. They should describe in detail the specific facts demonstrating the bases for the complaints, reports or inquiries. They should be directed to the Loan Street President. If this person is implicated in the complaint, report or inquiry, it should be directed to the Loan Street Secretary. Loan Street will conduct a prompt, discreet, and objective review or investigation. Loan Street may be unable to fully evaluate a vague or general complaint, report or inquiry that is made anonymously.

INSURANCE POLICIES

- I. **Board Notice.** The Management Company shall calendar when renewals are due for all insurance policies and shall provide those dates to the Board. Forty-five days before renewal, the Management Company shall inform the Board that the renewal is due and, unless otherwise directed by the Board, ensure that the payment is timely made.
- II. **Directors and Officers Insurance.** Loan Street shall maintain directors and officers insurance in the minimum amount of \$1,000,000 with a \$1000.00 deductible, assuming that it is not cost prohibitive.
- III. **Liability Insurance.** Loan Street shall have a general liability insurance policy, including a provision for defamation. If the Board believes additional coverage is necessary, Loan Street shall also purchase for the annual meeting liability insurance.
- IV. **Meeting Cancellation Insurance.** The Board may decide to purchase cancellation insurance policy for a particular meeting, depending on the cost and the provisions in the hotel contract.
- V. **Annual Insurance Review.** On an annual basis, the Management Company shall provide a review of the insurance policies Loan Street has, and make recommendations whether there should be any changes to the policies. The Board shall make the determination as to which policies shall be maintained.