

## AHRD Financial Policies

### **EXECUTIVE LIMITATIONS and FINANCIAL POLICIES:**

**1. GLOBAL EXECUTIVE CONSTRAINT:** In the case of expenditures that are not part of the annual budget, and as a matter of established AHRD process, financial decisions approval by the Executive Committee (EC) with support by the Executive Director (ED) are required. The EC consists of President-Elect, current President, and Past President. The ED and EC shall not cause or allow any practice, activity, decision, or organizational circumstance that is unlawful; in violation of commonly accepted business and professional ethics or that endangers the association's nonprofit status; or is in conflict with the association's mission, vision, values, and goals. Limitations on the actions of the ED or EC with regard to any policies may be waived in specific instances by a vote of the majority of the Board.

**A. FINANCIAL PLANNING:** Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from the Board approved budget.

- i. The ED and EC shall not plan in a manner that fails to include credible projection of revenues and expenses, cash flow, and disclosure of planning assumptions.
- ii. The ED and EC shall not plan for less than a ratio of 1:1 income to expenditures for the overall budget within any given fiscal year, unless approved by the Board.

**B. ACTUAL FINANCIAL CONDITION AND ACTIVITIES:** With respect to the actual, ongoing financial condition and activities, the ED and EC shall not cause or allow the development of fiscal jeopardy or a material deviation of actual expenditures from Board priorities as established in the annual budget.

- i. The ED and EC shall not make a single purchase of greater than \$50,000 for events or \$2,000 for all other activities without the approval of the Board.
- ii. The ED and EC shall not commit the association for multiple years for obligations in excess of 3% of the currently available (operating plus general) reserves without the approval of the Board.
- iii. New expenditures may not be added to the budget without Board approval if they are in excess of 5% of the previous year's budget.
- iv. The ED and EC shall not neglect to present the whole budget any time the budget is discussed.
- v. The ED and EC shall not commence expenditures during a fiscal year without Board approval of the budget for that year, with the exception of pre-approved pre-payments.
- vi. The ED and EC shall not fail to provide the Board a complete draft budget for the following fiscal year no later than three months prior to the start of that fiscal year.

**C. EMERGENCY EXECUTIVE DIRECTOR COVERAGE:** In order to protect the Board from sudden loss of ED services, the ED will not fail to provide a written emergency plan and identify one or more other persons who would be able to step-in in case of emergency. Any person who assumes the position/or any responsibilities of the ED will be held accountable to the Board under all applicable policies.

**D. DECISION MAKING:** The ED and EC shall not develop, implement, or eliminate programs, initiatives, or policies, without weighing (a) alignment with the association's mission, vision, values, and goals, and (b) input from the board, (c) input from members and relevant member groups (e.g. TIGs, relevant task forces), (d) evaluative

E. ASSET PROTECTION: The ED and EC shall not allow association assets to be unprotected, inadequately maintained, or unnecessarily risked. The ED and EC shall not:

- i. Fail to insure against liability losses to Board members and the organization itself in an amount no less than the average for comparable organizations.
- ii. Pay for any significant amount of products, services, or contract or project staffing, at rates higher than average rates paid for or by relevant comparables.
- iii. Fail to protect intellectual property, information (including member databases) and files from loss or significant damage nor breaches of confidentiality.

F. ASSETS: AHRD should protect its current assets with fully federally insured investments so that it could meet all regular financial obligations for 3 consecutive months without any income. No more than 20% of the previous year's retained earnings, as reported on June 30<sup>th</sup>, may be invested in low-risk instruments and the remainder must be invested in fully federally insured investments.

- i. In consultation with the EC, and with the approval of the Board, the ED will make the investments described above on behalf of the Board.
- ii. The ED and EC ensure that adequate self-insurance is maintained for the association against potential disasters.

G. COMMUNICATION TO THE BOARD: The ED and EC shall not withhold fiduciary information from the Board nor misinform the Board about financial circumstances.

H. TREATMENT OF MEMBERS: With respect to interactions with members or those applying to be members, the ED and EC shall not:

- i. Elicit information for which there is no clear necessity.
- ii. Use methods of collecting, reviewing, transmitting, or storing client or member information that fail to protect against improper access to the material elicited.
- iii. Fail to establish with members a clear understanding of what may be expected and what may not be expected from the service offered, and the opportunities available to them.
- iv. Fail to inform members of this policy or to provide a way to be heard for persons who believe they have not been accorded a reasonable interpretation of their protections under this policy.
- v. Fail to incorporate the association's values as a key consideration throughout the process of identifying operational volunteers.

I. TREATMENT OF VOLUNTEERS and CONTRACTORS: With respect to the treatment of volunteers or contractors, the ED shall not cause or allow conditions that are unfair, undignified, or unethical.

J. BOARD PLANNING AND PRIORITY SETTING CYCLE: The Board will plan and budget on a cycle that takes account of the fiscal year and the rotation of Board members.

- i. The Board will identify its annual priorities during the first quarter of each calendar year in order to prepare for a fiscal year that runs from July 1 to June 30.
- ii. Guided by the EC, and informed by discussion with the ED, during the first quarter of each calendar year, the Board will establish a budget for AHRD for the coming fiscal year.

K. ED and EC'S ROLE: The ED is selected by the Board. The EC consists of three specially elected members of the Board whose responsibilities in consultation with the Board and ED are, at minimum:

- i. The EC assures that draft budgets meet Board policies.
- ii. The EC guides the Board to preserve financial assets for core operations of the association.
- iii. The ED and EC serve as educators to the Board on association financial issues.
- iv. The ED provides signatures on financial matters on behalf of the association (except for those matters directly related to the ED), with the approval of the EC and consistent with the Board approved budget.
- v. The ED serves as a key liaison with the association's accountant and auditor.
- vi. The ED and EC facilitate the Board in monitoring the fiscal health of the association.
- vii. The ED and EC oversee regular audits of AHRD's finances.
- viii. The ED will report monthly to the EC, and at each Board meeting, on the status of investments and all other AHRD financial assets.
- ix. The ED maintains direct contact with the EC regarding the association's budget and expenditures.
- x. The President reports to the membership regarding the financial state of the association at the AHRD Annual Business Meeting.
- xi. The ED completes paperwork to add the President-elect as a signatory on the Association's account(s), allowing the incumbent to begin viewing and signing instruments on behalf of the Association at the start of the term (and no later than one month following the election).

Approved 9/24/11