

# APA Financial Policies and Procedures

The goal of the APA financial policies and procedures is to ensure that organizational funds are managed responsibly and in support of the organization's mission, and bylaws. This document supports APA and management's commitment to managing financial matters with care, integrity, and consistency.

## 1. Purpose

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

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

Exceptions to written policies may only be made with the prior approval of the 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 at least every five years.

## 2. Roles and responsibilities

### Board of Directors

The Board of Directors is ultimately responsible for the financial management of all activities.

The Board of Directors has the following responsibilities:

1. Reviewing financial reports

2. Reviewing, updating, and approving financial policies
3. Disclosing all conflicts of interest and signing the organization's conflict of interest policy

## Treasurer

The Board Treasurer is responsible for fulfilling the responsibilities of the role as outlined in APA's bylaws, which include the following tasks:

1. Performing regular reviews of the organization's bank statements and expenses
2. Overseeing, with the assistance of the Executive Director (ED), the development of the annual budget
3. Determining, in collaboration with the Board of Directors, the allocation of investment deposits
4. Approving disbursements of funds
5. Ensuring the filing of any and all required forms and taxes required by federal, state or local governments for the execution of the business of APA
6. Completing additional duties as determined by the Board of Directors

## Executive Director

The Executive Director (ED) is responsible for the day-to-day financial management of the organization, including the following:

1. Administering financial policies and ensuring compliance with the procedures that have been approved by the Board of Directors
2. Ensuring that accounting records are up to date and that financial reports are provided to the Board
3. Making spending decisions and dispersing funds within the parameters of the approved budget and policy
4. Maintaining bank accounts

5. Maintaining a filing system for all financial records (bank statements, invoices, receipts, etc.) and making it accessible to the Treasurer
6. Creating and amending operating procedures and controls
7. Completing additional duties as designated by the Board of Directors

Though the ED is responsible for the completion of the above, they may be performed by a designee (e.g., accountant).

The ED may determine policies and procedures that are not specifically addressed by this document when the financial impact is not over \$500 for any fiscal year AND the expenditure is accounted for in the budget and does not exceed 10% of the budgeted amount. The Board of Directors must approve all other unaddressed policies or procedures.

### 3. General accounting policies

Financial statements are prepared using the accrual basis of accounting. The fiscal year is January 1 through December 31.

### 4. Budgets

The annual budget for the fiscal year is prepared by the Executive Director in the fall.

The Board of Directors approves the budget annually, no later than the December board meeting. The budget is reviewed mid-year and adjusted as necessary to reflect changing conditions. The Board of Directors must approve changes in the budget which exceed 10% of the line item.

### Deferred income and expenses

Income from membership renewals paid for between November 1 to December 31 will be deferred until the following year.

Conference-related income and expenses will be deferred until the year in which the conference is taking place.

Other expenses or income may be deferred when appropriate.

## 5. Financial statements

Quarterly financial statements, including a Profit and Loss Statement, are completed within 30 days of the close of the period and presented at the next board meeting.

## 6. Banking

### General

With the approval of the Board of Directors, the Executive Director chooses a financial institution which provides the most appropriate services for the lowest cost.

The Executive Director and two current Board members will be signers on the bank accounts; all signers are responsible for inspecting bank statements.

All deposits must be FDIC insured, and the amount on deposit at any one financial institution may not exceed FDIC insurance limits.

### Deposits

Funds should be deposited in a timely manner.

## 7. Disbursements

Payments will be made via online bill pay, debit card, or other electronic means. Paper checks, which require the signatures of the President and Secretary, will only be used if there is no other option.

No checks may be written to "cash" or "bearer."

The approval of two Board members is always required before anyone may disburse funds to themselves or their business interests.

Excepting the limitations above, the ED needs no approval to issue disbursements for the following:

1. Items \$500 or less if they are included in the approved budget and are no more than 10% above the approved amount
2. Allowable refunds
3. Other disbursements as approved in writing by the Board of Directors

For all other disbursements, the ED must inform the Treasurer and receive approval from at least two Board members prior to disbursing.

## 8. Reimbursements

In order for contractors, directors, or officers to be reimbursed for APA-related expenses, an expense report must be completed and receipts provided. Prior approval from the Board and/or the ED is needed for expenses that are not in the approved budget and for all expenses over \$500. Cash advances are not allowable and loans may not be taken from contractors, directors, or officers.

Mileage expenses are reimbursed at the federal rate in effect at the time of the expense.

## 9. Account reconciliations

Bank reconciliations are done monthly by the Executive Director or their designee (e.g., accountant).

Investment accounts may be reconciled at the end of each calendar year.

## 10. Purchases

Purchases should be made in the manner most cost effective to APA, taking into account the organization's sales tax exemption, shipping costs, and other factors.

For purchases greater than \$3000 three quotes should be obtained. If three quotes cannot be obtained, an explanation should be documented.

Contracts will be entered into in keeping with the APA bylaws.

## 11. Capital expenditures

Tangible assets exceeding \$2500 and expected to last longer than a year are classified as capital assets and included in an inventory record. The capital assets inventory record contains descriptions, serial numbers, dates of purchase or receipt, valuations, dates of valuation, and item locations.

## 12. Donations

See Appendix A.

## 13. Investments

The investment objectives of APA, in order of importance, are the safety of principal, liquidity, and a competitive rate of return. Investment restrictions may, at the discretion of the Board of Directors, include such issues as quality, diversification requirements, or social issues.

# APPENDIX A: Donation Acceptance Policy

The nature and amount of the donation are disclosed by the donor. The value of donations and services is recorded at a reasonable estimate. The value does not exceed the value at which the organization could have purchased those materials and services.

1. APA solicits and accepts gifts that are consistent with its mission and that support its core programs, as well as special projects.
  - a. APA urges all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts, including the resulting tax and estate planning consequences.
2. All decisions to solicit and/or accept potentially controversial gifts will be made by the Board of Directors in consultation with the Executive Director. The primary consideration will be the impact of the gift on the organization.
3. Donations and other forms of support will generally be accepted from individuals, partnerships, corporations, foundations, government agencies, or other entities, subject to the following limitations:
  - a. APA will not accept gifts that
    - i. Would result in APA violating its corporate charter,
    - ii. Would result in APA losing its status as an IRS § 501(c)(3) not-for-profit organization,
    - iii. Are too difficult or too expensive to administer in relation to their value,
    - iv. Are not in new or like-new condition,
    - v. Are not accompanied by proof of ownership when appropriate,
    - vi. Would result in any unacceptable consequences for APA, or
    - vii. Are for purposes outside APA's mission.

- b. Decisions on the restrictive nature of a gift, and its acceptance or refusal, shall be made by the Board of Directors, in consultation with the Executive Director.
- 4. APA will seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:
  - a. Gifts of securities that are subject to restrictions or buy-sell agreements,
  - b. Documents naming APA as trustee or requiring APA to act in any fiduciary capacity,
  - c. Gifts requiring APA to assume financial or other obligations,
  - d. Transactions with potential conflicts of interest, or
  - e. Gifts of property which may be subject to environmental or other regulatory restrictions.
- 5. Gifts generally accepted without review:
  - a. Cash.
  - b. Marketable securities. All marketable securities will be sold promptly upon receipt unless otherwise directed by APA's Board of Directors. In some cases marketable securities may be restricted, for example, by applicable securities laws or the terms of the proposed gift; in such instances the decision whether to accept the restricted securities shall be made by the Board of Directors.
  - c. Bequests and beneficiary designations under revocable trusts, life insurance policies, commercial annuities, and retirement plans.
  - d. Charitable remainder trusts. APA will accept designation as a remainder beneficiary of charitable remainder trusts.
  - e. Charitable lead trusts. APA will accept designation as an income beneficiary of charitable lead trusts.



## APPENDIX B: Business Record Retention Schedule

Accident reports and claims (settled cases)	7 years
Accounts payable records	7 years
Accounts receivable records	7 years
Audit reports	Permanently
Articles of incorporation	Permanently
Annual audit reports	Permanently
Bank statements and reconciliations	3 years
Budgets	10 years
Bylaws	Permanently
Cash receipt records	7 years
Checks (canceled)	7 years
Checks for important payments such as taxes, special contracts, etcetera; should be filed with the papers pertaining to the transaction	Permanently
Contracts and leases (expired)	7 years
Contracts and leases (active)	Permanently
Corporation reports	Permanently
Correspondence with vendors	1 year
Correspondence (general)	3 years
Correspondence (legal)	Permanently
Disbursement requests	7 years
Deposit slip duplicates	2 years

Employee records (after termination)	Permanently
Employment applications	3 years
Financial statements	Permanently
Fixed assets records	Permanently
Grant award letters	10 years
Insurance records, accident reports, claims, policies, certificates	Permanently
Invoices	7 years
Leases (after expiration)	6 years
Journals	Permanently
Minutes	Permanently
Payroll records	6 years
Property records	Permanently
Purchase orders	7 years
Tax-exempt status documents and all documents and correspondence dealing with the IRS	Permanently

# APPENDIX C: Document History

Date	Change/vote