



The Fan District Association

FISCAL GOVERNANCE POLICIES

Approved by the FDA Board of Directors
November 4, 2013

The Fan District Association of Richmond, Virginia, Inc.
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1. PHILOSOPHY

The purpose of financial management in the operation of all Fan District Association activities is to fulfill the organization's mission in the most effective and efficient manner and to remain accountable to stakeholders, including members, partners, donors/sponsors, contractors, and the community. In order to accomplish this, Fan District Association commits to provide accurate and complete financial data for internal and external use by the Board of Directors.

2. DEFINITIONS

"Fiscal year" shall be October 1 to September 30.

"Operating Expenses" shall mean those expenses incurred on an annual basis by the association that are essential to the longevity and expected operations of the association. For most purposes, this shall mean all activities and expenses of the Fan District Association, with the exception of Grants expenditures.

3. AUTHORITY

- a. The Board of Directors is ultimately responsible for the financial management of all activities.
- b. The President and Treasurer are authorized:
 1. To act on the Board's behalf on financial matters when action is required in advance of a meeting of the Board of Directors.
 2. To hire and supervise contractors and independent consultants, pay bills, receive funds, and maintain bank accounts.
 3. To enter into contracts for activities that have been approved by the Board as a part of budgets or plans. The Board of Directors must authorize any contracts outside of these parameters and all contracts with an annual financial value greater than \$2,000.
- c. The Treasurer is authorized:
 1. To manage expenses within the parameters of the overall approved budget, reporting to the Board of Directors and/or finance committee on variances and the reason for these variances.
 2. To transfer funds as needed to maintain appropriate balances as outlined in Section 7 of these policies.
- d. The Officers
 1. Those officers having been elected to the Board, namely the President, President-Elect, Vice President, and Treasurer, are authorized to singly sign checks up to \$500. Checks for amounts greater than \$500 shall require the signatures of at least two officers. A signatory shall not be permitted to sign a check payable to themselves or their family members. Anytime a check is made payable to one of the officers, the Treasurer shall notify all signatories of the details of such transaction.

4. TREASURER'S RESPONSIBILITIES

- a. The Treasurer is responsible for the day-to-day financial management of the organization and shall have the following responsibilities:
 1. Report the financial results of Fan District Association operations on the schedule established by the Board of Directors, but at least quarterly, and preferably no less than bi-monthly. Regardless of the frequency of such reports, the Treasurer shall reconcile / balance all accounts monthly.
 2. Report the financial results of Fan District Association operations to the association's membership at its annual meeting. Such presentation should include the profit and loss budget comparison for the most recently completed fiscal year and a current statement of assets, at a minimum.
 3. Pay all obligations and file required reports in a timely manner.
 4. Make no contractual commitment for bank loans, corporate credit cards, or for real estate lease or purchase without specific approval of the Board.
 5. Record fixed assets with a purchase price of \$1000 and above in accounting records as capital assets.
 6. Maintain all accounts on a cash basis.
 7. Obtain competitive bids shall for items or services costing in excess of \$2,000 per unit. Selection will be based on cost, service and other elements of the contract. The Fan District Association may award the bid to any provider and is not required to accept the lowest cost proposal.
 8. Reimburse expenses incurred by Directors, Officers, or association volunteers, in a timely manner, but only with proper submission of an expense reimbursement form and matching receipts, receipt copies, and/or other proper documentation.
 9. Monitor accounts for any banking fees or returned checks, and perform due diligence in avoiding such banking fees. In the event of a returned check, the Treasurer shall invoice such payor for the amount of the returned check and the fee assessed and perform due diligence to collect such amount.
 10. Ensure that upon the election of new officers, that such officers are added as signatories to the Fan District Association's banking or other financial accounts.

5. FINANCIAL TRANSACTIONS WITH INSIDERS

- a. Except for contractors providing building repair or maintenance services, no advances of funds to contractors, officers, or directors are authorized without approval of the Board of Directors.
- b. Direct and necessary expenses related to carrying out responsibilities shall be reimbursed.
- c. In no case shall Fan District Association borrow funds from any contractor, officer, or director of the organization without specific authorization from the Board of Directors.

6. BUDGET

- a. In order to ensure that planned activities minimize the risk of financial jeopardy and are consistent with Board approved priorities, long-range organization goals, and specific objectives, the Treasurer shall:
 1. Submit an operating budget to the Board of Directors in time for reasonable approval by the Board prior to each fiscal year.
 2. Use responsible assumptions and projection background, with a general goal of an unrestricted surplus. Unless the Board of Directors has specifically expressed a desire to draw down liquid assets, the Treasurer and Board should strive to propose and adopt balanced budgets.
 3. Operate a new fiscal year on the prior year's operating budget should the Board of Directors fail to approve a new budget before the beginning of the such fiscal year. Such operations shall exclude the disbursement of any grants and the Board shall not approve any new grant expenditures during such a period. The Treasurer shall strive to have the board adopt a new budget as soon as possible should this occur.
- b. Although not required, best practice will involve the Treasurer seeking requested budget amounts from all board members, committee chairs, or other individuals responsible for large portions of the Fan District Association budget.
- c. If actual or forecasted expenses or income amounts fluctuate significantly from budgeted amounts (more than 10% over budget for expense accounts or more than 10% less than budget for income accounts), the Treasurer shall make the Board aware of such at the Board meeting immediately following such occurrence or projection.
- d. Should the Board approve any new project, contract, or expense during a fiscal year that would cause a budget account to fluctuate significantly (more than 25% over budget for expense accounts or more than 15% less than budget for income accounts), the Board should consider approval of a line-item amendment to the budget to accommodate their decision.

7. ACCOUNTS and BALANCES

- a. The Fan District Association shall maintain appropriate accounts at financial institutions that the Board has authorized. Any changes in such accounts or their holding financial institutions should be approved by the Board.
- b. At a minimum, the Fan District Association should hold a checking account for day-to-day transactions and an interest-bearing savings or money market account for longer-term holdings.
- c. The Treasurer will be responsible for monitoring account balances and making necessary transfers between accounts.
- d. An appropriate balance should be maintained in the checking account to cover approximately two to three months of normal and ordinary expenses.

- e. The Board may authorize the Treasurer to open other higher interest-bearing accounts, but no accounts should be opened that are non-FDIC insured.
- f. If accounts that bear fees or penalties for withdrawing funds before a specified time period has elapsed are opened, it should first be assured that the association has assets covering at least one full year of operating expenses. Further, no more than 50% of the organization's total cash assets or approximately 6 months of annual expenses should be committed to such an account.

8. ASSET PROTECTION and INSURANCE

- a. In order to ensure that the assets of Fan District Association are adequately protected and maintained, the President and/or Treasurer shall:
 - 1. Insure against theft and casualty losses to the organization and against liability losses to Board members, other volunteers, or the organization itself to levels indicated in consultation with suitable professionals. Such insurance policies, likely to be called General Liability and Directors and Officers Insurance (D&O), shall not have their limits or carriers changed without prior knowledge of the Board.
 - 2. Plan and carry out suitable protection and maintenance of property, building, and equipment. Property and General Liability insurance shall also be maintained on such property and for the organization to cover all events sponsored by the Fan District Association. Such Property and General Liability insurance policies shall not have their limits or carriers changed without prior knowledge of the Board.
 - 3. Avoid actions that would expose the organization, its Board, contractors, or other volunteers to claims of liability.
 - 4. Protect intellectual property, information and files from unauthorized access, tampering, loss, or significant damage.
- b. While the asset protection responsibilities above are primarily assigned to the President and Treasurer, all members of the Board of Directors must, in good faith, also be mindful of asset protection practices to protect the Fan District Association.

9. IRS and STATE REGULATORY FILINGS

- a. Annual IRS Return
 - 1. As a 501(c)(3) organization, the Fan District Association is required to annually file a tax return. Returns are due by February 15 of the year following the close of the Fan District Association fiscal year on September 30.
 - 2. It is recommended that the Fan District Association and Treasurer contract the preparation of the annual return with a Certified Public Accountant that has experience with non-profit organization returns. While each accountant may be different, best practice indicates that the Treasurer should have all materials necessary for return preparation transmitted to such accountant by January 1. If there is any doubt that the return will not be completed by the due date, the Treasurer or accountant should file an extension request with the Internal Revenue Service.

3. Upon consultation with the accountant, it should be determined what form will be used in filing the annual return. Likely, the organization will file a 990-EZ or a 990-T. The 990-T should only be filed if the Fan District Association has unrelated business income (UBIT) of more than \$1,000. Historically, this situation has occurred in years in which FanFare advertising income is significantly greater than the expense of producing and mailing FanFare. However, because situations may change, a CPA should always be consulted about which form will be used.
4. Should the Treasurer wish to hire a new accountant, the proposed change should be reported to the Board before such accountant is engaged.
5. Once the annual return is approved and posted to Guidestar.org (<http://www.guidestar.org/organizations/54-1131052/fan-district-association-richmond-virginia.aspx>), the Fan District Association webmaster should be instructed to post the return to the Fan District Association website. The annual returns should be the only financial information regarding the Fan District Association posted to the Fan District Association website.

b. SCC

1. As a corporate entity operating in Virginia, the Fan District Association is required to submit an annual report to the State Corporation Commission. Upon receipt of the appropriate documents from the Fan District Association's registered agent, the Treasurer or President should complete the report and also pay the annual registration fee by the appropriate deadlines.

10. GIFT ACCEPTANCE

a. By the Fan District Association

1. The Fan District Association will accept stock or other negotiable instruments as a vehicle for donors to transfer assets to the organization. Transfer and recording the value of the asset shall be done in a consistent manner and in compliance with accounting standards. The Treasurer shall sell any stock given to the organization immediately upon receipt by the organization.
2. The Fan District Association shall accept contributions of goods or services other than cash that are related to the programs and operations of the Fan District Association. Any other contributions of non-cash items must be reviewed and approved by the Board of Directors before acceptance.
3. The Fan District Association shall accept cash contributions for general use by the association. Any contributions which the donor requests be directed to a specific program or expense, and that is not connected to a budgeted and ordinary income account, shall only be accepted upon approval by the Board of Directors.

b. By Directors and Officers

1. Directors and Officers of the Fan District Association may not accept gifts from external entities with a value of greater than \$50 in their official capacity with the Fan District Association.

11. CREDIT CARD PROCESSING

- a. The Treasurer, President, and any Board members responsible for or having knowledge in the processing of credit card payments to the Fan District Association shall monitor the fees and deposits processed through such institutions.
- b. On a periodic basis, such individuals shall review such contracts, and make recommendations for Board approval if it is deemed appropriate to change providers.

12. ANNUAL EXAMINATION / AUDIT

- a. An Examination / Audit Committee shall be convened annually at the direction of the President to review the financial management of the association. The committee shall consist of at least two board members who do not hold signatory authority for any accounts held by the Fan District Association, one of whom the President shall appoint as Chair of the committee. Other current or past board members may also participate in the committee at the discretion of the Chair.
- b. The Treasurer and the Chair shall coordinate what records are to be examined and when the committee shall meet. The Chair should specify the transactions and records of a specific month to be reviewed.
- c. The suggested minimum scope of the Examination shall be as follows:
 1. QuickBooks transaction values are in alignment with bank statements.
 2. QuickBooks reconciliation report, bank statements, and balance sheet are in alignment.
 3. Bills are paid on time and without undue fees or penalties.
 4. All banking accounts are being properly managed without undue fees or penalties.
 5. Building and Directors Insurance policies are kept up to date.
 6. Property taxes have been paid.
 7. Tax and regulatory filings have been made.
 8. Expenditures within the current fiscal year are in general compliance with the Fan District Association's approved budget.
 9. Fan District Association financial policies are being followed.
 10. Credit card processing fees are being properly managed.
- d. The Chair shall report the results and any suggested corrective action to the President for review at the next occurring board meeting.
- e. Per approval of the Chair's report by the Board, the Treasurer shall conduct any necessary corrective action per the recommendation of the Chair.
- f. If, after review of the Chair's report by the Board, significant discrepancies in the financial management of the association are present, the Board may consider requesting a professional audit by a Certified Public Accountant.

13. HUMAN RESOURCES and COMPENSATION

- a. The Fan District Association was founded and has operated since its inception as an all-volunteer organization (excluding professional services contractors). Should the Fan District Association Board of Directors ever wish to employ and/or pay individuals to manage the association, either through direct employment or through a contractual agreement, approval should be made by the Fan District Association membership at an annual or special membership meeting, per the procedures of the Fan District Association By-Laws. These policies herein would need to be immediately amended by the Board of Directors at such time to account for procedural changes and safeguard the Fan District Association and its assets.
- b. The Fan District Association Board of Directors may authorize the payment of consultants and/or contractors for work that it deems inappropriate for volunteer members to complete.

14. CONFLICT OF INTEREST POLICY

- a. Whenever any director has a conflict of interest with the Fan District Association he or she shall call such conflict to the attention of the Board of Directors.
 - 1. After identifying the issue, matter or transaction with respect to which a conflict exists, a director with a conflict shall withdraw from any further involvement in that issue, matter or transaction unless a majority of the disinterested directors shall determine that the conflict is (i) immaterial or not adverse to the interests of the Fan District Association or (ii) the benefits of allowing the person with the conflict to participate in the discussion or consideration, but not the final decision, outweigh the dangers; in which case the person may participate in the discussion, study or consideration of the issue, matter or transaction, but not the final discussion or decision.
 - 2. It is the duty of each director to disclose any conflict of interest he or she is aware of to the Board.
 - 3. A director who is uncertain as to whether he or she may have a conflict should ask the President for an opinion. The President shall issue a written opinion which shall be presumed to be correct and may be relied upon unless challenged by another director, in which case the final decision as to whether a conflict exists shall be made by the directors. Copies of all opinions shall be retained by the Secretary and made available to the Board upon request to permit and encourage consistency.
 - 4. The minutes of the meeting at which the disclosure of any conflict is made shall reflect that the disclosure was made and whether the person with the conflict withdrew, after making full disclosure of the matter in question and the conflict, and was not present for the final discussion of the matter and any vote thereon.
- b. A conflict of interest exists when (1) any director or close relative of a director or the employer of either of the foregoing has an interest in an issue, matter or transaction in which the Fan District Association has an interest; or (2) when any director or a close relative of a director acts as an agent, representative or spokesperson for any person, business, group or organization, in order to influence the Fan District Association on any issue, matter or transaction.

1. An individual or organization has an interest for purposes of this policy if he, she, or it: (1) is an agent for a person or organization with an identified goal of influencing a decision by the Fan District Association; or (2) would experience a material economic gain or loss from a decision by the Fan District Association on an issue, matter or transaction identifiably different from the economic gain or loss that would be experienced by a member of the general public.
 2. Someone is a close relative if they are a spouse, a child, natural or adoptive parent, grandparent, grandchild, brother or sister whether natural, adoptive or by marriage of a director. The term also includes any other family member who resides in the same household as a director or shares living quarters with a director under circumstances that closely resemble a marital relationship.
- c. In addition to the foregoing, directors should not:
1. Use inside information--i.e., information made available to them because of their position as a director which is proprietary or confidential or otherwise not generally known to the public--for their personal advantage or that of any close relative.
 2. Accept any service, discount, concession, fee for advice or service or thing of value from any person or organization with an interest in an issue, matter or transaction in which the Fan District Association also has an economic or programmatic interest under circumstances that would suggest an obligation of the part of the director to exert any influence on the Fan District Association to enter into a transaction or adopt, alter or abolish any policy or position.
- d. New directors will be notified of this policy and specifically asked to read it. Each director will be asked to complete a Conflict of Interest Policy Disclosure Statement upon his or her election or reelection to the Board.

15. WHISTLEBLOWER POLICY

The Fan District Association requires directors, officers, committee members, and any employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As representatives of the Fan District Association, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

a. Reporting Responsibility

1. This Whistleblower Policy is intended to encourage and enable individuals to raise serious concerns internally so that the Fan District Association can address and correct inappropriate conduct and actions. It is the responsibility of all board members, officers, employees and volunteers to report concerns about violations of Fan District Association's code of ethics or suspected violations of law or regulations that govern the Fan District Association's operations.

b. No Retaliation and Confidentiality

1. It is contrary to the values of the Fan District Association for anyone to retaliate against any board member, officer, or volunteer who in good faith reports an ethics violation, or a suspected violation of law, such as a complaint of discrimination, or suspected fraud, or suspected violation of any regulation governing the operations of Fan District Association.
2. Violations or suspected violations may be submitted on a confidential basis by the complainant. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

c. Reporting Procedure

1. The Fan District Association has an open door policy and suggests that individuals share their questions, concerns, suggestions or complaints with the President. If you are not comfortable speaking with the President or you are not satisfied with their response, you are encouraged to speak with a board member.
2. The Fan District Association President is responsible for ensuring that all complaints about unethical or illegal conduct are investigated and resolved. During an Executive Session of the Board, the President will advise the Board of Directors of all serious complaints and their resolution and will report at least annually to the Treasurer and Chair of the Examination/Audit Committee on compliance activity relating to accounting or alleged financial improprieties.