

**NORTH SHORE – BARRINGTON ASSOCIATION OF REALTORS®**  
**FINANCIAL POLICIES**  
**(rev. 7/22/21)**

**Access to Records by Members**

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

1. IRS Form 990
2. Original applications for tax-exempt status
3. Monthly financial reports

**Audited Financial Statements**

It is the policy of the organization to direct the CEO to distribute the audited financial statements to the Board of Directors and to the Finance Committee. 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 CEO.

**Audit Frequency and Selection of Auditors**

It is the policy of the organization to contract with a CPA firm for a three-year period to do an annual audit of the organization. After three years, the Professional Services Committee will interview a minimum of three CPA firms specializing in auditing not-for-profit organizations and make a recommendation to the Board of Directors for final selection. Changing Audit firms is acknowledged to be a best practice, but re-awarding the contract for auditing services to the existing auditing firm is acceptable as long as the interview and selection criteria clearly indicate the firm is the most qualified and cost effective. Additionally, the contract awarding the audit to the CPA firm for a three-year period will have a clause allowing the organization to contract with another firm before the end of the contract period if the current firm provides unsatisfactory service or if the financial condition of the organization prohibits the expense of a full audit.

**Bank Reconciliations**

It is the policy of the organization to address bank statements to the CEO.

Within 24 hours, the Chief Executive Officer (CEO) will forward the bank statement to the accounting firm, who is responsible for bank reconciliations. This individual cannot be a check signer. Staff from the accounting firm will answer any questions posed by the CEO and prepare the bank reconciliation within 7 days.

## **Bid Requirements**

It is the policy of the organization to require bids for the following expenditures:

- Capital Purchases*      Three bids are required for all capital purchases exceeding \$10,000
- Professional Services*      Professional services, including accounting and law firms, will be periodically evaluated. When authorized by the Professional Services Committee, new firms will be interviewed with any recommendation regarding same to be approved by the Board of Directors.
- Vendor Relationships*      Will be approved by the Board of Directors

## **Bill.com**

All accounts payable are addressed through Bill.com. After entry of the payable by the accounting firm, it must be approved by the CEO, the President, the Secretary/Treasurer, and then authorized for payment by the CEO. These are the only authorized payers in Bill.com. Transaction reports for both the NSBAR and MLC checking accounts are provided with the monthly financial statements by the accounting firm.

## **Budget**

It is the policy of the organization to do an Annual Budget, for approval by the Finance Committee and then the Board of Directors. Said Budget is done after Strategic Planning is completed, but approved prior to the start of the fiscal year (October 1).

## **Capitalization**

Capitalization of property and equipment purchases applies to any future asset purchase costing more than \$2,500. These purchases will be capitalized and depreciated over the assets' estimated useful lives.

## **Chart of Accounts**

It is the policy of the organization to maintain a chart of accounts through the accounting firm.

## **Checks (paper)**

Paper checks are no longer regularly utilized by the organization. When needed, all paper checks shall have two signers, with the exception that a paper check may have one signer if (1) for an amount not to exceed \$500, and (2) with email approval by the Executive Committee.

## **Collection Procedures**

Payments are made via phone and online payment processing. NSBAR does not currently employ a collection agency. If a member does not pay any final balance owed upon termination that balance is collected when they reinstate their membership.

### **Company Credit Card**

Those authorized to have a company credit card must give the receipt, the names of those present and the purpose of the gathering for every expense. When receipts are not tendered the staff person will receive a 1099 for those expenses.

### **Contract Signing Authority**

It is the policy of the organization to grant authority to sign contracts to the CEO, as long as the financial implications of the contract are included in the organization's budget. If the financial implication of signing a contract is not included in the organization's budget, Board of Directors' approval is required before authority to sign the contract is granted.

### **Control over Checks and Cash**

NSBAR does not accept cash payments, only credit/debit cards, cashier's checks, and money orders. Electronic deposits are made weekly and deposited checks are kept locked in the accounting drawer.

### **Employee Handbook**

It is the policy of the organization to have an Employee Handbook that, amongst other things, covers conflicts of interest, fraud awareness, payroll, and whistleblower protection.

### **Investment Policy**

It is the policy of the organization to have a comprehensive Investment Policy separate from these policies that is reviewed annually by the Finance Committee and approved at least every 3 years by the Board of Directors.

### **IRS Forms**

Form 990 - it is the policy of the organization to allow public access to IRS Form 990. This access will be provided at the organization's headquarters at a time mutually agreeable between the organization and the individual requesting the inspection. Requests for copies of Form 990 will be denied, and Form 990 will not be mailed under any circumstance. The CEO or a staff member assigned by the CEO will remain in the presence of the individual(s) inspecting the Form. A Log of Form 990 Inspections and Distributions will be maintained.

Form 990-T - it is the policy of the organization to deny requests to inspect IRS Form 990-T because it is confidential information.

Form 1099 - it is the policy of the organization to complete IRS Form 1099 for all individuals and vendors receiving \$600 or more from the organization.

### **Loans Prohibited**

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

### **Lobbying Expenditures**

It is the policy of the organization to advise members of the nondeductible portion of their dues payments by indicating the nondeductible percentage in the organization's newsletter annually, in membership brochures, and in membership dues renewal forms.

### **Postage**

It is the policy of the organization to maintain a postage log and to classify for the accounting firm the postage used. Employees are prohibited from using the organization's postage meter for personal mail without prior approval by his or her supervisor and reimbursement made at the time of use.

### **Travel**

It is the policy of the organization to have a Travel Policy separate from these policies to cover travel procedures and expense for Officers, Directors, Members and Staff.