

## Finance Committee Guidelines

The mission of the Finance Committee is to provide a thorough and accurate oversight of all UNICON finance reports and transactions, communicating and working with the full board to ensure the financial health of the consortium. Responsibilities include:

1. Maintain the Finance Committee policy and procedures to include Antitrust/Competition Policy – Appendix A
2. Review the annual accountant report produced in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants
3. Monitor statement of assets, liabilities and fund balances
4. Review and oversee current investments and investment strategies
5. Monitor membership fees and make annual recommendations on their level
6. Working with the Executive Director, provide the UNICON board with a committee report at each Board meeting
7. Co-chair(s) to work effectively with other Finance Committee members to ensure they are actively involved and participative
8. Co-chair(s) to maintain appropriate membership staffing for their respective committee
9. The Finance Committee provides recommendations for increases in UNICON member dues.

### Finance Committee Membership

The Committee is comprised of the current Board Chair, the current Board Vice Chair, and the Executive Director. The Executive Director may also serve as Treasurer.

### Goals & Objectives

1. Recommend and gain board approval for an annual budget, submitted by the Executive Director.
2. The Executive Director works with the investment advisor to achieve an appropriate return on the reserve fund investment account.
3. The Finance Committee makes recommendations regarding extraordinary expenses (i.e., those outside the annual budget).
4. Ensure board is up to date on the organization's financial status with reports at each board meeting.

### Account Management

1. UNICON operating funds are maintained in a Bank of America checking account, which supports check processing, ACH payments, and wire transfers.
2. UNICON reserve funds are maintained in a Merrill-Lynch Investment account

3. The UNICON budget, account balances, and transactions are entered and tracked in QuickBooks Online
4. The Executive Director has Bank of America-issued credit card and debit card which can be used to handle UNICON disbursements.
5. The Finance Committee may, at its discretion, engage the services of a bookkeeper to ensure the operational accounting is accurately captured and to advise on accounting-related issues.
6. The Finance Committee Co-chairs and the Executive Director have password-protected access to the financial accounts and are empowered to manage the investment of reserve funds.
7. Any board member may request and receive access to view the account balances and transactions.

### **Fiscal Year**

Fiscal year: July 1 to June 30 of the following calendar year.

### **Operational Guidelines and Precedents**

1. Any surplus funds remaining after a UNICON-sponsored conference revert to the UNICON treasury.
2. UNICON provides computer equipment for the Executive Director. It becomes the personal property of the Director per the following schedule: 60% year one, 90% year two, 100% year three. At appropriate intervals in line with industry standards, UNICON will purchase new computer equipment for the executive director's use.
3. To protect the Executive Director and ensure transparency, the Board authorized an annual accounting review to be performed by a CPA. This accounting review is in lieu of an official audit which is costly, and, as advised by a CPA firm, is sufficient for an organization of UNICON's type and size. Dates of future audits/reviews are to be determined by the Board.

### **Expense Guidelines**

1. As a non-profit, member-funded organization, UNICON must act as a prudent steward of its financial resources. When engaging the services of external contractors, UNICON's contractor expense and reimbursement guidelines should be followed.
2. In advance of any work being commissioned or expenses incurred, a letter of agreement should be written between UNICON and the individual or group contracted defining the scope of the work, the duration of the project, an estimate of the expenses, and UNICON's policy of reimbursement. The letter of agreement will be countersigned by the Executive Director.
3. The letter of agreement will be reviewed and affirmed by the Executive Committee of the Board.
4. After expenses are incurred, the contractor will submit the actual expenses for reimbursement in writing and with receipts.
5. Reimbursement for travel such as airfare, lodging, and car rentals will be reimbursed at the most economical rates.
6. UNICON will attempt to reimburse, upon proper submission, within 30 days of receiving approved receipts.

7. Any variation from these guidelines must be approved in advance by the Executive Committee of the Board.
8. Costs of doing UNICON work incurred by representatives from member institutions are paid for by the member institution.

## **Policy Statement for Board-Designated Funds**

UNICON's annual operations are managed using three separate funds. The **Annual Operating Fund** is the primary vehicle for regular day-to-day fiscal management to support the essential functions of the organization. Additionally, UNICON maintains two other funds to safeguard its financial stability and to support the mission of the organization; **The Operating Reserve Fund** and the **Special Purpose Fund**. This document outlines policies for management of these two additional funds.

### **I. OPERATING RESERVE FUND**

#### **Statement of Purpose**

The general purpose of the fund is to help to ensure the long-term financial stability of the organization and position it to respond to varying economic conditions and changes affecting the organization's financial position and the ability of the organization to continuously carry out its mission.

UNICON will maintain a Board-Designated Operating Reserve Fund to achieve the following objective(s):

1. Manage cash flow interruptions and emergency situations.
2. Minimize the need for working capital borrowing.
3. Meet commitments, obligations or other contingencies.

#### **Board-Designated Operating Reserve Fund Balance**

The target amount to be attained and maintained for the Board-Designated Operating Reserve Fund is approximately 50% of fixed annual operating expenses, or about 6 months of fixed operating expenses on average. This threshold will be reevaluated every three years by the Finance Committee and adjusted as needed.

#### **Use of the Board-Designated Operating Reserve Fund**

Uses:

1. Internal line of credit for use to financially operate the organization.
2. Provide Funds to stabilize a level of allocations or a level of increased allocation when events affect the source and application of funds.
3. Funds to meet unfunded and unexpected organization needs (e.g. urgent need to hire a lawyer).
4. Funds for emergency and emerging needs of the organization (e.g. force majeure event, urgent need for additional labor).

The Executive Director may access up to \$50,000 for purposes as outlined above, as long as sufficient accounts receivable is available to repay such usage within three months time. The Executive Director will notify the Executive Committee in writing, and usage will be acknowledged in writing by the Board Chair. E-mail shall be an acceptable form of notification and acknowledgement.

Any funds borrowed from the Operating Reserve Fund for greater than \$50,000 and/or for longer than 90 days will be paid back through a prescribed repayment schedule/method. Approval of any

such usage and the proposed repayment schedule shall be requested by the Executive Director from the Executive Committee. If approved by the Executive Committee, such disbursement shall be reported at the next full Board meeting. At any time that a borrowing from the Operating Reserve is outstanding, the status of the borrowing and payments made against the proposed repayment schedule will be reviewed at the regularly scheduled Board meetings.

The Operating Reserve Fund will be fully depleted before use of the commercial line of credit is considered.

#### **Management of the Board-Designated Operating Reserve Fund**

Under the direction of the Finance Committee, the Executive Director will maintain a separate bank account for the Board-Designated Operating Reserve Fund. Policies and procedures for handling deposits, reconciling statements, safeguarding access, etc. will be the same as established from time to time for any of the organization's other bank accounts. If feasible, the funds will be invested according to the guidelines set by the Finance Committee in the Operating Reserve Investment Policy. The Operating Reserve Fund will be listed separately in the net assets section of the organization's statement of financial position as "Board-Designated Operating Reserve" and longer-term borrowings from the reserve will be shown as a liability – "Due to Operating Reserve" – in internal financial reports.

#### **Authorization of Draw-Down\* from the Board-Designated Operating Reserve Fund**

A draw-down from the fund that will not or cannot be replaced with operating funds in the timeframe established in "Use of the Board-Designated Operating Reserve Fund" above, must be approved by a majority of the Board, either by a majority of the votes of a quorum present at a Board meeting, or by a 2/3 majority of the Board if such vote is conducted by other means. A record of any such action will be maintained and be made a part of the Board meeting minutes. Any such action would remove the Board designation of "reserves" from these funds.

\*Note: this essentially decreases the fund from the established target level and is not recommended except under extraordinary circumstances.

#### **Responsibilities of the Finance Committee**

The Finance Committee will receive reports on the Board-Designated Operating Reserve Fund at its regular meetings and shall be charged with assuring that the funds are invested prudently and that the organization receives a reasonable rate of return considering the size of the reserve fund, the instruments in which it is invested and other relevant factors.

The Executive Director will report the status of the Board-Designated Operating Reserve Fund to the Board as part of the regular Executive Director report. The Finance Committee will review the Operating Reserve Policy every three years, or sooner if conditions warrant, and put forward any necessary changes for Board approval.

- *Investment policy is being drafted by Finance Committee*

## **II. SPECIAL PURPOSE FUND**

### **Statement of Purpose**

UNICON will maintain a board-designated special-purpose fund as a portion of unrestricted net assets to fund certain programs, activities, or purposes at the discretion of the board. The special

purpose fund can only be used after the organization reaches the board-designated goal for the operating reserve fund.

#### **Board-Designated Operating Reserve Fund Balance**

The target amount to be attained and maintained for the Board-Designated Operating Reserve Fund approximately 25% of annual operating expenses. This threshold will be reevaluated every three years by the Finance Committee and adjusted as needed.

#### **Use of the Board-Designated Operating Reserve Fund**

Uses:

1. Special projects that are aligned with the mission of the organization
2. Major program initiatives or opportunities requiring development or start-up costs.

Uses of the Board-Designated Special Purpose Fund must be approved by a majority of the Board, either by a majority of the votes of a quorum present at a Board meeting, or by a 2/3 majority of the Board if such vote is conducted by other means.

#### **Special Purpose Reserve Shortfalls**

In the event that the special purpose fund is less than the targeted reserve level, this deficit must be eliminated in a minimum of three years as a part of the annual budgeting cycle, with one third of the deficit balance being required to be funded in the current operating budget, until the reserve is restored to the target balance.