

## **10. Financial**

### **10.1 Membership Dues**

The Board establishes annual membership dues. This rate is subject to change at the discretion of the Board. Honorary Life Members are not charged membership dues. Membership is on an individual basis. Membership dues are not refundable or transferable.

A record of membership dues for the past five years can be found in Appendix 10.1 of this manual.

### **10.2 Conferences and Workshop**

#### **10.2.1 Conference Fees**

Registration fees, including late registration fees, are established by the Board. A late fee is charged if the registration form is postmarked or received by the Treasurer after the early registration deadline, which is established for each conference. The early registration date is approximately 2-3 weeks prior to the start of the conference.

An individual who wishes to register for an Association meeting and has not paid membership dues is required to pay a fee equal to the registration fee plus the membership dues. The individual then becomes a KASFAA member.

Registration fees are not refundable but are transferable either to the next conference or to another individual for the current conference. The President and the Treasurer must approve exceptions to this policy.

#### **10.2.2 Other Workshop Fees**

Other training workshops may be offered to the membership at no charge. All participants must be current members. Support Staff Workshop participants are not required to be paid members; however, one individual from their institution must be a paid member.

#### **10.2.3 Complimentary Rooms and Registrations**

Complimentary rooms or registrations are a means of:

- a. compensating members or guests whose responsibilities to the Association are excessive or prevent normal participation in meeting functions, or
- b. Compensating guest who are not members and who are only attending to assist with the function, present sessions, or perform other duties.

Compensation (or exceptions to participants being required to pay for rooms or registration) shall be recommended by the program chair and approved by the President and the Treasurer.

Lodging expenses for the Program Chair of each conference will be borne by the Association if the hotel does not provide a room free of charge. A complimentary room is also usually provided for the President to attend the fall and spring conferences.

#### **10.2.4 Registration/Conference Headquarters**

Conferences are a major financial obligation of the Association and, as such, include many areas in which cooperation of and coordination by the Treasurer is needed.

##### **10.2.4.1 General Preparation**

Preparing for a conference requires active participation on the part of the Treasurer. This includes, but is not limited to, the following:

- a. Receiving a copy of the contract from the hosting facility. Contracts are usually secured by the President-elect. The Treasurer and the chair of the Budget Committee must review all contracts. The President's, or his/her designee's, signature is required on all contracts that financially obligate the Association.
- b. Obtaining and completing an application for credit with the facility (where available) to allow direct billing for expenses that occur during the meeting.
- c. Filing the Association's tax exemption form with the facility to ensure the Association will not be charged for unnecessary taxes. The tax exemption form should be filed well in advance of the meeting date(s) to avoid having to deal with this issue during actual meeting time.
- d. Reviewing the contact with the facility for an understanding of all financial obligations and the facility's requirements for billing and payment of charges.
- e. Reviewing conference expenses to ensure the Association is appropriately charged for lodging expenses for KASFAA sponsored members.

##### **10.2.4.2 Registration Management**

The Treasurer normally assumes responsibility for coordinating on-site conference registration. Duties related to the registration process for which the Treasurer is responsible include, but may not be limited to, the following:

- a. Establishing procedures for the handling of both prepaid and balance due registrations (normally individuals owing membership dues or late registration fees).
- b. Establishing procedures for the handling of on-site registrations.
- c. When membership dues are paid with a conference registration, forwarding the registration forms to the membership chair so that the member's information can be updated or added to the membership database.
- d. Reconcile the Treasurer's record of total fees paid with information tracked by the Membership chair.
- e. Coordinating registration information with the program chair.
- f. Establishing procedures for the receipt of cash and checks at the conference site, including the safekeeping of funds.
- g. Reconciling receipts daily.
- h. Establishing procedures for the purchase of additional event/meal tickets.

### **10.3 Insurance**

Insurance policies are secured for financial protection of the Association. Insurance may be in the form of a general policy that covers specified members of the Board or other Association members, as may be determined necessary by the Board. Insurance also may be in the form of general liability coverage to protect the Association from suit in the event of injury or personal loss.

#### **10.3.1 Employee Dishonesty**

Employee Dishonesty Insurance is secured by the Treasurer to cover any individual having direct access to the Association's funds. Generally, the insurance provides for \$100,000 coverage each for the positions of Treasurer and President, as the designated signers for the Association's checking account and investments.

If other individuals are given direct access to Association funds, similar insurance of the same value must also cover them before any funds are handled.

#### **10.3.2 Liability Coverage**

To protect the Association against possible losses due to personal suit, the Association may consider obtaining limited protection under a general liability type policy. In some instances, hotels and other meeting facilities required the cost of liability coverage to be borne by the contracting organization. The Board should consider this possibility when constructing the operating budget each year.

### **10.3.3 Equipment Coverage**

To protect the Association from financial risk due to damage or loss of equipment owned by KASF<sup>AA</sup>, property coverage may be obtained.

## **10.4 Financial Institutions and Funds Management**

Funds of the Association must be maintained in financial institutions that properly protect the financial interests of the Association. Criteria by which financial institutions should be selected are outlined below.

### **10.4.1 Checking Account**

KASF<sup>AA</sup>'s most frequently used asset is its checking account. The checking account is the largest source of funds for the Association and its most liquid asset.

A new checking account may be established when a newly elected Treasurer takes office, however, every effort to maintain the existing checking account should be made. In the event the existing checking account cannot be retained, the following factors impact the selection of a financial institution:

- a. A provision that the checking account be interest bearing.
- b. An assessment as to whether the financial institution offers a special checking account for non-profit organizations with a higher rate of interest than a regular checking account.
- c. Determination of the service charge costs, if any, associated with the checking account (e.g., costs of checks and deposit books, monthly service fees, online banking charges, etc.)

Computerized account management software and the Association's laptop computer must be used to post checking account transactions.

The Treasurer will secure a debit card for this account in order to pay expenses when writing a check is not practical. If possible the debit card's expiration date will correspond to the end of the Treasurer's term of office. If expiration date does not correspond to the end of the Treasurer's term of office, the Treasurer will surrender the debit card to the President or incoming Treasurer within 10 days of the expiration of his/her term of office.

In no instance may the Association's debit card be used to pay non-Association related expenses. Doing so will jeopardize the Association's non-profit status.

### **10.4.2 Certificates of Deposit**

A portion of the Association's funds may be placed in one or more Certificates of Deposit in order to secure a better interest rate than could be obtained with a checking account.

### **10.4.3 Transfer of Bank Accounts**

Coordination of the transfer of bank accounts between the incoming and outgoing Treasurer is important to avoid disruption in operations. To transfer accounts from one Treasurer to the next, the following steps should be taken.

#### **10.4.3.1 Retaining the Same Financial Institution**

Prior to July 1, the current Treasurer:

- a. Adds the President-elect (future President) and the incoming Treasurer as signers on the checking account and changes the address on the account to that of the incoming Treasurer. The effective date of access to Association funds shall be no earlier than July 1.
- b. Pays as many expenses as possible prior to the June 30 year end in order to reduce the amount of prior year debt to be carried forward to the next fiscal year.
- c. Prepares a preliminary year-end budget summary.

On or after July 1:

- a. The past Treasurer transfers the Association's financial records, the Treasurer's laptop computer, and any other supplies on hand to the incoming Treasurer.
- b. The new Treasurer receives the first post July 1 bank statement and reconciles the account, reporting the results to the President and Budget Committee chair.
- c. The new Treasurer issues a final year-end budget summary based on the data received from the past Treasurer. A back-up copy of the account file for the period ending June 30 is sent to the Budget Committee chair and to the archivist.

#### **10.4.3.2 Establishing an Account with a New Financial Institution**

Prior to July 1:

- a. No earlier than 30 days prior to July 1, the new Treasurer shall arrange to open the new checking account.

- b. The current Treasurer adds the President-elect (future President) and the incoming Treasurer as signers on the current checking account and changes the address on the account to that of the incoming Treasurer. Check writing authority for the incoming Treasurer and incoming President shall be no earlier than July 1.
- c. The current Treasurer pays as many expenses as possible prior to the June 30 year end to reduce the amount of prior year debt to be carried forward to the next budget year.
- d. The current Treasurer prepares a preliminary year-end budget summary.

On or after July 1:

- a. The past Treasurer transfers the Association's financial records, the Treasurer's laptop computer, and any other supplies on hand to the incoming Treasurer.
- b. The new Treasurer shall leave sufficient funds in the previous checking account to cover any outstanding checks.
- c. The new Treasurer sets up the new checking account in the accounting software and provides a report of the opening balance to the Budget Committee chair.
- d. The new Treasurer communicates the results of the first post July 1 bank statement for the previous checking account to the President and Budget Committee chair.
- e. The new Treasurer closes all previous checking accounts and transfers remaining proceeds into the new checking account when outstanding checks have cleared the account.
- f. The new Treasurer issues a final year-end budget summary based on the data received from the previous Treasurer. A back-up copy of the account file for the period ending June 30 is sent to the Budget Committee chair and to the archivist.

#### **10.4.4 Account Management**

Proper safeguards should be in place to prevent misuse of funds. These include, but are not limited to:

- a. Signature of both the Treasurer and President or signature of the Treasurer with written approval from the President is required for any check written in excess of \$10,000.
- b. Daily cash reconciliation at conferences by both the Treasurer and the Budget chair.
- c. A review of the financial records for the previous fiscal year at the Fall Conference. A report of the results will be prepared for the Board.

- d. Written receipts required for any cash or checks received with a copy of the receipt retained for corporate records.
- e. Verification that the President or Budget Committee Chair is aware of all expenses reimbursed to or paid on behalf of the Treasurer.
- f. Requiring the signature of the responsible Committee Chair for reimbursement made to members of the committee.
- g. Both the Budget Committee Chair and the Treasurer shall have a copy of the Association's software. The Treasurer shall provide a monthly back-up copy of the account data to the Budget Committee Chair.

#### **10.4.5 Account Authorization**

By signature on file with the financial institution(s), the President and Treasurer shall be jointly authorized to complete financial transactions and conduct the Association's business

### **10.5 Income**

#### **10.5.1 Vendor/Sponsor Contributions**

The Association's Vendor/Sponsor Chair handles coordination of vendor/sponsor activities. Such coordination shall include solicitation of exhibitors and contributors and oversight to ensure appropriate recognition and benefits are provided, based on levels of participation.

The Treasurer is responsible for the receipt and handling of exhibit fees and contributions reporting receipts to the Vendor/Sponsor Chair. All conference exhibitors and contributors shall be recognized as specified in section 6.10.1.

#### **10.5.2 Receipts Processing**

To ensure prompt and accurate processing of funds received to be deposited to the Association checking account, the following procedures are recommended:

- a. All checks received are stamped with the Association's stamp immediately upon receipt.
- b. For checks received with an invoice or membership/registration form:
  1. Record the date received, check number, and check amount on the form.
  2. Provide a receipt, when requested.
  3. If the check includes membership dues, send a copy of the form to the Membership Chair.
- c. Batch deposits on a regular basis. If the deposit represents more than one type of receipts, e.g. registration payments combined with vendor/sponsor payments, make appropriate notations on the receipt for future reference and ease of sorting for posting to appropriate ledger categories.

- d. Post deposits to the SASFAA accounting software based on the appropriate income category.
- e. Maintain a file copy of receipts according to the type of receipt for future reference.

## **10.6 Expense Payment and Reimbursement**

The Treasurer shall be responsible for timely payment and reimbursement of all Association related expenses. As general procedure, expenses of the Association and/or reimbursement to members for authorized business on behalf of the Association shall be handled according to the following guidelines and procedures.

### **10.6.1 General Guidelines**

- a. The Treasurer has the authority to disburse up to five percent (5%) more than the amount specified in any line item of the budget.
- b. Any amount to exceed the five percent (5%) of a line item must be approved by the President
- c. Any amount exceeding one hundred fifteen percent (115%) of a line item must be approved by the Executive Board.
- d. Total line items spent cannot exceed the total budget.

### **10.6.2 Authorized Expenses**

Only expenses identified through the budget process or specifically authorized by the Executive Board may be paid by the Treasurer or may be reimbursed to individuals submitting claims. The following sections identify specific expenses covered by the Association.

#### **10.6.2.1 Travel**

Normally, the following travel expenses are reimbursable:

- a. Transportation for officers, committee chairs, committee members, and other representative approved by the President for the purpose of meeting to conduct Association business.
- b. Transportation for officers-elect and incoming committee chairs to attend the transitional meeting of the Executive Board, at the discretion of the President.
- c. Transportation for speakers and presenters not affiliated with KASFAA, as recommended by the Program Chair and approved by the President and Treasurer.
- d. Transportation for the President to attend the SASFAA Executive Board meetings each year.
- e. Transportation for the President-Elect to attend the SASFAA Executive Board Transition Meeting (end of fiscal year), NASFAA

Leadership Training, and the SASFAA annual conference, including any leadership training held in conjunction with the conference

- f. Transportation for the Past President to attend the SASFAA annual conference.

Travel claims for reimbursement should be submitted no later than 30 days following the conclusion of the business portion of the trip. Payment must be approved by the President or the Chair of the committee responsible for incurring the expense before reimbursement may be made.

The President must approve payment of claims that were not submitted within 60 days of the date the expense was incurred or the date on which a statement of payment due was issued by a vendor, whichever occurs later.

The following guidelines apply to identify reimbursable travel items:

- a. Mileage shall be reimbursed at the current IRS business rate, not to exceed the cost of air coach fare for the same itinerary.
- b. Air travel at coach rates. (A copy of the receipt must accompany the claim form.)
- c. The costs of taxis and airport limousines, including a reasonable tip, if appropriate. Receipts must accompany the claim form.

**10.6.2.2 Lodging**

Actual costs of lodging, not to exceed the single room rate (room and taxes only) at the accommodating hotel/motel will be paid. Receipts for lodging must accompany the claim form. Expenses for KASFAA-paid and registered persons may be charged to a “Master Account” at the hotel/motel and paid by the Treasurer as a single payment, upon approval by the President.

**10.6.2.3 Meals**

While on authorized KASFAA travel, meal expenses will be reimbursable on a per diem rate not to exceed the rate approved by the Board. In the event full day travel is not required, meals will be reimbursed as follows:

<b>If you depart before</b>	<b>and return after</b>	<b>you may be reimbursed for</b>
7:00 am	8:00 am	Breakfast
11:00 am	2:00 pm	Lunch

5:00 pm

9:00 pm

Dinner

#### **10.6.2.4 Other Expenses**

Other reimbursable expenses include the following:

- a. Auto rental – only with prior documented approval by the President or Treasurer.
- b. Telephone charges for calls related to KASFAA business.
- c. Tips for services other than meals or beverages.
- d. Honoraria to speakers and presenters, upon recommendation of the sponsoring committee chair and approved by the President or Treasurer.
- e. Other expenses recommended by the Program Chair and approved by the President or Treasurer.

Receipts must be provided for any miscellaneous expense in excess of \$10.

#### **10.6.3 Payment Procedures**

The following procedures and guidelines should be used when making payment to cover Association business expenses to ensure proper documentation of the expense(s) and an adequate audit trail of transactions related to each payment.

- a. Signature of both the Treasurer and President or signature of the Treasurer with written approval from the President is required for any check written in excess of \$10,000.
- b. All reimbursement claim forms must be posted with the appropriate payment date, check number, payment amount, and budget coding.
- c. All accurately completed requests for reimbursements should be processed and paid within 2 weeks from the date received by the Treasurer.
- d. A copy of any check or documentation of the reimbursable expense for which the Treasurer writes a check to him/herself should be sent to the President.

#### **10.6.4 Reimbursements**

Any request for reimbursement must be made by using an expense reimbursement request form along with an original or legible, unaltered copy of the receipts for the expenses. Receipts are needed in accordance with policies outlined on the expense form or in this Policies and Procedures Manual. If no receipt is available, a written explanation of the expense must be provided. Members should submit receipts whenever possible.

Reimbursement requests should be submitted as soon after the date the expense was incurred as possible. Payment of requests submitted more than 60 days after the date of the expense or after the date an invoice was sent must be approved by the President.

### **10.7 Safeguarding Financial Records**

Proper controls must be in place to facilitate the recovery of financial records in case of a natural disaster, computer hardware failure, or incapacitation of the Treasurer. Some of these include:

- a. The Treasurer provides a monthly backup of the account file to the Budget Committee Chair. The Treasurer keeps a backup copy of the file in a secure location separate from where the primary data resides.
- b. The Treasurer informs the President and Budget Committee Chair at the beginning of the fiscal year of the checking account balance, account numbers and the amount of each investment. The Treasurer will update this information on at least a quarterly basis or when a certificate of deposit matures and/or when a new certificate of deposit is opened. The Treasurer shall also include a contact name, address and telephone number at the financial institution for each investment.
- c. Copies of all Certificates of Deposit and checking account information shall be retained by the Secretary and the Budget Committee Chair.
- d. The Treasurer must keep a copy of the signature card used to open the checking account and send copies to the President, Budget Committee Chair and Secretary. The Secretary shall place his/her copy in archives.

### **10.8 Audit and Accountability Standards**

To ensure the financial stability of the Association, it is imperative that there exist measures to verify income and expenditures and to prompt early detection of errors.

#### **10.8.1 Income, Expenditures and Adjustments to Income**

To provide an adequate audit trail, all income, expenditures and adjustments should be tied to at least one of the following documents:

- a. Expense [reimbursement] forms including receipts, where appropriate;
- b. Invoices from vendors and service providers;
- c. Registration and membership forms;
- d. Vendor/sponsor contributions;
- e. Written receipts for cash advances;
- f. Bank statements indicating interest income;
- g. Canceled checks.

#### **10.8.2 Investments**

The Treasurer shall retain statements from financial institutions, which contain the investment amount and earnings. At least twice a fiscal year the President and Budget Committee Chair shall perform a periodic review of the investment accounts by contacting the appropriate financial institution(s) to verify the status and balance of each account. Such reviews shall be documented and the results reported to the Board as part of the Budget Chair's report to the Board.

### **10.8.3 Accountability to the Executive Board**

Oversight of the Association's finances is important for ensuring sound financial practices throughout the year. As such, certain accountability measures are necessary.

- a. The President, with the approval of the Board, shall establish a Budget Committee to oversee the Association's finances and investments. Members of the committee shall consist of four persons, preferably individuals who have previously held the office of Treasurer or who are a CPA or who have other audit background. Composition of the committee shall rotate every two years, to ensure continuity between terms, members serve for a two-year term; two members are replaced each year.

An attempt should also be made to select two persons who have an interest in running for the office of Treasurer. Experience on the Committee is expected to prepare these persons for the responsibilities of the office.

- b. The Budget Committee shall audit the Treasurer's records annually. The Budget Committee Chair will make an audit report to the membership at the Fall Conference business meeting following the end of the previous fiscal year.

### **10.8.4 Records Maintenance and Retention Standards**

The Association's financial records provide documentation to support all financial transactions. This may be critically important in the event of an audit where proof of expenditures and income is necessary.

- a. Audits of the Association are to be retained by the Archivist.
- b. At the close of the fiscal year [June 30], one copy of the data from the account management software shall be archived.
- c. Membership and conference registration forms will be retained in hard copy form until the audit is concluded.
- d. General records that do not support specific financial transactions may be destroyed at the end of the second fiscal year of the Treasurer's term of office.

### **10.8.5 Additional Accountability Standards**

Additional measures to strengthen the financial stability of the Association shall include the following:

- a. Returned Checks – the Treasurer is responsible for collection on checks returned by the bank for non-sufficient funds. As such, any cost charged the Association for processing returned checks shall be passed on to the initiator of the check; added to the amount collected.
- b. Tangible Assets – to account for tangible assets of the Association, the Budget Committee shall provide a report of all assets to the Board at the first Board meeting of the fiscal year. This report should include a description of the asset, the purchase date and purchase price and an assessment of continued usefulness for each asset.

Equipment determined to have outlived its usefulness shall be given to the presiding President to dispose of. Such disposition may not include keeping the equipment for him/herself or giving it to any member of the President’s family.

When equipment is useful by not assigned to any one position, it will be offered to a member of the Board to help the member perform the duties of the Association.

### **10.9 Reserve Fund**

On at least an annual basis the Board reviews the funding reserved to provide for the continuance of the essential projects and activities of the Association in the event of a financial catastrophe. The Association’s immediate goal is to maintain a reserve fund of at least one-third of the operating budget in order to protect against an unforeseen occurrence that would have a significant impact on the operation and viability of the Association. The Board determines each year whether or not the reserve is sufficient. The long-term goal is to maintain reserve balance equal to a typical fiscal year operation budget.

### **10.10 Endowment**

The KASFAA Executive Board approved the establishment of a KASFAA Endowment. The fund shall be called The KASFAA Educational Endowment Fund. The award will be called “The Starr Award”, named after Elinor Starr, one of KASFAA’s most distinguished retired members who stood for education and quality in the realms of financial aid.

#### **10.10.1 Description of the Project**

To promote professional development, preparation and effectiveness of the members of the Association, and to foster goodwill toward our membership in times of illness and losses of family members. The educational component is to be accomplished through various programs of training, community service, scholarships, conferences, systemic studies, cooperative experiments and other related activities in keeping with the stated purposes of KASF<sup>AA</sup>. Upon reaching a balance of \$10,000, the fund will be officially established. At the current time, funding is held in the Association's checking account and/or CD.

### **10.10.2 Target Population**

The target population of the Fund is all KASF<sup>AA</sup> members who are interested in furthering their own professional development goals as it related to the financial aid profession. As it pertains to training, the main target population should be those with three years or less financial aid experience. Outside of training, the Fund should be open to all. The actual number of people reached by this endowment will vary depending upon the goals, scope, and funding level of the endowment. Every effort should be made to make sufficient awards each year to expend at least the interest income generated by the Fund. The Board will have the final say on the award criteria and overall funding levels.

### **10.10.3 Criteria of Application**

The development of an endowed educational fund provides for the permanent establishment of a source of funds that may be used to promote the professional development of an association's higher education community and its individual members. In most instances, this fund exists to provide grant support for one or more individuals on a yearly basis. Only the earnings of the endowed fund should be used for grant awards; however, an association might also choose to supplement these funds on an as needed basis with annual operating funds or special project funds. In identifying the candidate, the member must be in good standing. The candidate should submit a written two page application on why he/she should be considered for any funds. A committee will decide the full criteria. A special KASF<sup>AA</sup> committee would need to be developed made up of senior members to oversee the integrity of the fund. The committee will also make the decision based on scholarship recipients as well as the bereavement. When the Association wants to remember someone passing, the criteria must be clearly defined as to honor our most distinguished members who have been faithful and have served the Association in a number of capacities.

### **10.10.4 Fund Management**

The KASF<sup>AA</sup> organization needs strong members with specific knowledge in the area of money or fund management and not necessarily the Treasurer. The individuals should be knowledgeable in investments and the handling of large sums of money.

## **10.11 Contractual Obligations**

The Budget Committee Chair, the President, Treasurer and, where appropriate, the chair of the committee most closely associated with the contract, must review all contracts. This review shall determine if the Association has considered all possible financial obligations and liabilities, including any “hidden” or underlying charges.

Only the President of KASF<sup>AA</sup> may sign a contract on behalf of the Association.

### **10.11.1 Contracts with Hotels**

When entering into a contract with a hotel, in addition to reviewing direct costs [e.g. room rate, meals, etc.], the contract shall be reviewed for the following:

- a. Required liability insurance;
- b. Conditions which allow or pertain to cancellation of the contract by either the hotel or KASF<sup>AA</sup>;
- c. Charges for meeting room space in the event the reserved room block is not met; and
- d. Other charges for which the Association shall be liable in the event any of the conditions of the contract are not fulfilled.

### **10.11.2 Other Contracts**

Other types of contracts under which the Association might be financially responsible include contracts for:

- a. Exhibit/Drayage
- b. Private transportation [e.g. buses]
- c. Entertainment [Band and DJ]
- d. Cellular phone rental
- e. Insurance [Employee Dishonest and Property]

Any agreement requiring official signature shall be treated the same as a contract.