

**Qualifications:**

1. REALTOR® and Affiliate members in good standing;
2. RPAC Contributor; and
3. Preferred – fundraising experience.

**Primary Support:** The C.E.O. or the C.E.O.'s designees.

## **SECTION 5: FINANCIAL POLICIES**

### **501. INTRODUCTION**

The following section is intended to provide an overview of the accounting and financial policies for C.A.R. This section will be reviewed minimally every three years to determine if it is prudent to make updates.

This section shall document the accounting and financial operations of C.A.R. Its primary purpose is to formalize accounting and financial policies and to document internal controls.

All C.A.R. staff are bound by the policies herein and any other financial policies adopted by C.A.R., and any deviation from this Policy Manual or any other financial policy adopted by C.A.R. is prohibited.

### **502. ACCOUNTING DEPARTMENT OVERVIEW**

The Accounting Department consists of staff that manages and process financial information for C.A.R. The department is led by the Senior Vice President of Finance & Business Development.

Other officers and employees of C.A.R. who have financial responsibilities, and the abbreviations of each position used throughout this manual, are as follows: Chief Executive Officer (C.E.O.), Executive Vice-President (EVP), and Executive Management Team (EMT).

### **503. CASH PAYMENTS**

C.A.R. does not accept cash as a form of payment. Persons making payments to C.A.R. shall make payments using other methods of payment approved by the C.E.O. or the C.E.O.'s designee.

### **504. REFUNDS**

The following policies apply to refunds associated with revenue collected by C.A.R.:

- **Application Fees, Transfer Fees, Reinstatement Fees, and Processing Fees** – Not refundable. This is a cost for processing and reflects staff time and effort.
- **Dues** - Only refundable within five business days of payment.
- **Voluntary Contributions** – Only refundable within 30 days of payment.
- **MLS Fees** – Refundable for months prepaid for MLS services where membership is later made Inactive or Terminated within the same fiscal year. Member must be in a membership status of Inactive or Terminated in the same fiscal year to be eligible to request and receive a refund of prepaid MLS services. A member having access to the member's MLS service, but infrequently using or never logging in to the MLS service, does not qualify for a refund. Any refund request for prepaid months of MLS must be requested within 30 days of Inactive or Terminated membership status. No refund will be issued for requests received after 30 days of Inactive or Terminated status. When calculating the unused months, the month in

which the membership account was made Inactive or Terminated is not eligible for refund. If a refund is issued and membership is reinstated within the same fiscal year, the member will be responsible for the current prorated amount of MLS fees. In the event of a double payment, CAR will refund the member.

### **Lockboxes**

All sales of lockboxes and lockbox accessories are final. No refunds will be issued for newly sold lockboxes and accessories. In the event of a defective lockbox, the member shall follow Sentrilock's policy and procedures for determining if a lockbox is under Warranty and to receive a replacement lockbox. C.A.R. will issue replacement lockboxes only if deemed defective and warrantable by Sentrilock. No replacement lockboxes will be issued for any lockbox that is defective and outside of its warranty period.

### **Professional Development**

- If a student cancels the student's attendance at a class a minimum of five business days prior to the start of a course, the student will receive a refund of tuition less a 25% cancellation fee. ALL CANCELLATIONS MUST BE IN WRITING via email or online form to C.A.R.
- If a student cancels the student's attendance at a class less than five business days prior to the start of a course, no refund shall be provided. If a student is a "no show" for a class, no refund shall be provided, and the student forfeits their registration fee. No refunds shall be provided once a class has begun.
- For Continuing Education courses, transfers requested a minimum of five business days prior, there is no fee. Transfers within five business days are subject to a \$40.00 Transfer Fee. No transfers are permitted after a course has begun; student forfeits their registration fee. There are no cash refunds.
- For Licensing courses, transfers are subject to a \$40.00 Transfer Fee. No transfers are permitted after a course has begun; student forfeits their registration fee. There are no cash refunds.
- No refunds are given for online courses (no instructor), study aids, books, or software programs unless they are defective.
- C.A.R. reserves the right to cancel or reschedule any course or individual class session(s), at any time, for any reason. If we cancel an entire course, students will receive a full refund of their tuition.
- C.A.R. reserves the right to cancel any individual class session(s), at any time for any reason. Students will be notified of an alternate make-up session. Students who cannot attend make-up sessions will have the option of transferring to another class (full repeat required) or online course within 6 months of the original course start date; no refunds and no additional fees will apply. C.A.R. will notify students as early as possible as to any class session changes.
- C.A.R. reserves the right to cancel, substitute or reschedule any instructor for any reason at any time; no monetary compensation will be applicable.
- Non-Registered, walk-in students will be accommodated AFTER all pre-registered students have been seated.
- Late arrivals are not permitted for real estate continuing education classes.
- In addition, CAR is not responsible for any late fees, charges or other amounts incurred by students to licensing authorities or any other third parties.

### **505. CHARGE BACKS**

Any person who makes a payment to C.A.R. is prohibited from doing a charge back to obtain a return of C.A.R. funds without C.A.R.'s prior authorization. In the event that a person initiates an unauthorized charge back, C.A.R. reserves the right to prohibit the person from participating in any C.A.R. event or program until the amount of the charge back is repaid to C.A.R. In addition, the person's membership may be suspended by the C.E.O. or the C.E.O.'s designee until such time as the funds are repaid to C.A.R.

## 506. CASH RECEIPTS

### Cash handling and batch control

C.A.R. staff are required to process transactions involving money for which they are held accountable.

### Processing of Checks and Cash Received in the Mail

For funds received at the C.A.R. Central Office, cash receipts are centralized to ensure that cash and checks are appropriately recorded and deposited in a timely manner.

### **Timeliness of Bank Deposits**

Cash and checks that cannot be scanned will be manually deposited using a deposit slip and deposit bag. Manual deposits are taken to the bank by two Accounting staff members twice a week or if the total deposit reaches \$1,500 or more.

### **Reconciliation of Deposits**

On a monthly basis, the Accounting Analyst, who does not prepare the initial cash receipts listing or bank deposit, shall reconcile the listings of receipts to bank deposits reflected on the monthly bank statement. Any discrepancies shall be immediately investigated.

It is the policy of C.A.R. to include checks returned to the bank because of non-sufficient funds in the accounts receivable.

If the checks in question are eligible for redeposit, alerts will be put on members' accounts about the nonsufficient funds.

Once a member's check has been returned for insufficient funds on two occasions, an alert will be put on the member's account and C.A.R. will not accept that member's checks for a full year. Written notification will be sent accordingly to that member.

### Processing of Credit Cards

C.A.R. accepts all major credit cards as well as Tele-Check.

**Note:** All confidential information, including member and financial information, is destroyed or shredded immediately upon processing completion.

## 507. PURCHASING POLICIES

### Responsibility for Purchasing

The Executive Management team (EMT) has the authority to initiate purchases on behalf of their areas of responsibility, within the guidelines described in this manual. In addition, the EMT may delegate purchasing authority to responsible individuals within their departments. The EMT will inform Accounting of all individuals who may initiate purchases. Accounting will maintain a list of all authorized purchasers of C.A.R.

### Authorizations and Purchasing Limits

1. If a purchase was planned for in the approved budget, the EMT member responsible for that area of the budget shall have authority to approve the purchase.
2. Any and all Legal Services must be approved by the C.E.O., EVP, or Senior VP of Finance prior to initiating contact with the law firm. .
3. All contracts in excess of \$50,000 or greater than one year in duration should be reviewed by outside legal counsel.

4. If a purchase was not planned for in the approved budget, the purchase must be reviewed by the CEO or EVP, who will then either approve the purchase or make the determination to seek approval from the Executive Committee or Board of Directors.
5. The Board of Directors must approve any major unbudgeted purchase not approved during the planning and budgeting process.

#### **Special Purchasing Conditions**

Emergencies: When equipment, materials, parts, and/or services are needed, quotations and approvals will not be necessary if the health, welfare and safety of staff and protection of C.A.R. property is involved.

#### **Ethical Conduct in Purchasing**

Staff who purchase goods or services occupy a special position of trust and responsibility. In order to avoid the potential problems of unethical behavior, the following principles should be followed:  
Strive to conduct all business with honesty, fairness, integrity Consistently practice ethical behavior;

- Conduct ourselves in such a manner as to merit the respect of our employer, co-workers and peers;
- Refuse all gifts or gratuities \$50.00 or greater and do not enter into any transactions resulting in personal benefit;
- Exercise skill and good judgment to obtain the maximum value for each dollar of expenditure;
- Treat with discretion all information obtained in confidence unless disclosure is reasonably necessary, prudent, or consent to make the disclosure is consented to either expressly or impliedly; and
- Remain independent, free of obligation or suspicion, and be completely fair and impartial.

#### **Conflicts of Interest Prohibited**

No officer, board member, employee, or agent of C.A.R. shall participate in the selection or administration of a vendor if a real or apparent conflict of interest is involved. Such conflict would arise if an officer, board member, employee or agent, or any member of their immediate family, or partner, or an Association that employs or has a financial or other interest in the vendor, is selected.

Directors and staff will review and sign a "Conflict of Interest" policy, to be maintained on file annually in conjunction with the start of C.A.R.'s fiscal year. See Appendix 1. (Update reference)

#### **Required Solicitation of Quotations from Vendors**

C.A.R. requires a minimum of three bids for the following expenditures:

1. Printing – amounts exceeding \$5,000.00.
2. CR Magazine – bids will be obtained every three years.
3. Technology – bids will be obtained every three years.
4. Facilities Related – amounts exceeding \$\$5,000.
5. Events –, (see separate document for new language)
6. Professional Services – Any limited engagement of \$5,000 or more.
7. Other –expenses exceeding \$5,000.00.
8. Single /Source: Where there is only one supplier for required merchandise and no other product meets the stated needs or specifications, every effort should be made to negotiate the best possible price and other terms. Documentation should note the purchase as Single Source.

#### **Affirmative Consideration of Minority, Small Business and Women-Owned Businesses**

C.A.R. will make every effort to employ small businesses, minority-owned firms, and women's business enterprises, when possible.

## **Non-Discrimination Policy**

All vendors/contractors who are the recipients of Association funds, or who propose to perform any work or furnish any goods under agreements with C.A.R., will agree to the following principles:

Vendors/Contractors will not discriminate against any employee or applicant for employment on the basis of race, color, religion, creed, sex, age, marital status, national origin, mental or physical disability, political belief or affiliation, veteran status, or sexual orientation and any other class of individuals protected from discrimination under state or federal law.

## **508. ACCOUNTS RECEIVABLE MANAGEMENT**

### **Credits and Other Adjustments to Accounts Receivable**

Credits against accounts receivable from transactions other than payments and bad debts will occur. Examples of other credits include returned products and adjustments for billing errors. All credits shall be processed by an employee who is independent of the cash receipts function. In addition, all credits shall be authorized by the EVP or Vice-President of Finance & Business Development.

### **Accounts Receivable Write-Off Authorization Procedures**

It is the policy of C.A.R. to ensure that all available means of collecting accounts receivable have been exhausted before write-off procedures are initiated. Write-offs are initiated monthly by the Department associated with the amount to be written off, in conjunction with Accounting. If an account receivable is deemed uncollectible, the EVP or Vice-President of Finance & Business Development must approve.

### **Reserve for Uncollectible Accounts**

It is the policy of C.A.R. to maintain a reserve for uncollectible accounts receivable.

Year-end adjustments to the reserve for uncollectible accounts shall be performed only with authorization from the EVP and Controller.

## **509. ACCOUNTS PAYABLE MANAGEMENT**

### **Overview**

It is the policy of C.A.R. that the recording of assets or expenses and the related liability is performed by an employee independent of ordering and receiving. Amounts recorded are based on vendor invoices for the related goods or services. Vendor invoices should be supported by approved purchase orders where necessary, and should be reviewed and approved by an EMT staff member or designee prior to being processed for payment.

The primary objective for accounts payable and cash disbursements is to ensure that:

1. Disbursements are properly authorized
2. Invoices are processed in a timely manner
3. Vendor credit terms and operating cash are managed for maximum benefits

### **Employee Expense Reports**

Reimbursements for travel expenses, business meals, or other approved costs will be made only upon the receipt of a properly approved and completed Expense Statement Form. All receipts must be attached, and a brief description of the 5 W's (who, what, when, where and why) must be noted on the form. See section 509 for Business and Travel expenses.

## 510. CASH DISBURSEMENTS (CHECK-WRITING) POLICIES

### Overview

Cash is C.A.R.'s most liquid asset. Therefore, it is the objective of C.A.R. to establish and follow the strongest possible internal controls in this area.

C.A.R.'s purchasing and cash disbursements policies and procedures should demonstrate sound internal controls to prevent or detect disbursements frauds attempted by either outside parties or, more likely, employees. Segregation of duties is a key element of fraud prevention and detection. In that regard, at minimum, the following characteristics should be demonstrated through Association policies:

1. Authorization of purchases performed by individuals who do not have check-writing and recording abilities
2. Receipt of supplies and other assets ordered from vendors by someone other than the individual who has final approval to pay the vendor
3. Check signing by individuals who do not have the ability to record disbursements in the journal or general ledger
4. Bank reconciliations performed by individuals who do not prepare, sign, or record purchases or disbursements

Even with these basic elements in place, there are other aspects of segregation of duties and other controls that should be considered, some of which are identified throughout these model policies. If preventive controls over check-writing cannot be as strong as one would like, the final step from the preceding list becomes even more important as a detective control. Having someone independent of the check preparation and signing process be the first person to open and review the bank statement and review all debits on the statement becomes the primary detective control in these situations. This concept is illustrated later in this Policy Manual; however users should keep these elements of segregation of duties in mind as they tailor these policies.

### Check Preparation

It is the policy of C.A.R. to pay suppliers on a weekly basis. Payments shall be prepared by A/P Coordinator who is independent of those who initiate or approve expenditures, as well as those who are authorized check signers.

### Check Signing

Checks require two signatures. No checks will be signed prior to the check being completed in its entirety (no signing of blank checks). Check signers are the President, President-Elect, Treasurer, C.E.O. and EVP. Checks are preferably signed by the Treasurer and C.E.O. ACH payments require the approval of two of the above-listed individuals.

### Positive Pay System

It is the policy of C.A.R. to utilize a Positive Pay system with its financial institution for all checks drawn on all accounts.

### Mailing of Checks

After signature, checks are returned to the A/P Coordinator, who then mails checks immediately. Checks shall not be mailed by or returned to individuals who authorize expenditures unless approved by the EVP or Senior VP of Finance.

### Stale Dated Checks

It is the policy of C.A.R. to adhere to the requirements Illinois Revised Uniform Unclaimed Property Act.

## **Corporate Credit Cards**

As deemed necessary and approved by the C.E.O. and EVP, staff may be provided a Corporate Credit Card in order to conduct Association Business. Annually, the Board of Directors will review and approve the individual credit card limits for each employee.

Accounting will advise the C.E.O. and EVP of any employee with personal charges made to the employee's Corporate Credit Card more than three times per fiscal year, and/or exceeding total personal charges of \$250 per fiscal year. The Employee will be subject to suspension of their credit card privileges and/or further disciplinary action. The Executive Committee will be notified at their next regularly scheduled meeting, should this occur.

## **511. TRAVEL AND BUSINESS ENTERTAINMENT**

### **Travel Expenses**

This policy will be reviewed annually as part of drafting the annual budget. It is the policy of C.A.R. to establish travel expense limitations and guidelines as follows:

The following paragraph applies to each section within Section 509.

Reimbursements for travel expenses, business meals, or other approved costs will be made only upon receipt of an approved and completed Association Expense Statement form. The expense form must include a brief description of the 5 W's (who, what, when, where and why) and all receipts must be attached and submitted within 30 days unless otherwise noted.

### **IR Meeting Travel Reimbursement**

C.A.R. will annually budget to send the President, the President-Elect, the Secretary-Treasurer, the Chief Executive Officer and other staff (at the discretion of the Chief Executive Officer) to all IR Business Meetings. C.A.R. will annually budget to send the Public Policy Coordinating Committee Chair and the RPAC Fundraising Advisory Group Chair to the annual IR Public Policy Meeting.

Any C.A.R. member (other than a C.A.R. Officer), who serves as an IR Director, Committee Chair or Vice Chair and who does not receive a stipend from IR, shall receive up to \$250 per business meeting, up to three meetings per year. In order to receive this reimbursement, a copy of total receipts for the meeting must be submitted within 90 days of the meeting. Expenses not submitted within 90 days will not be reimbursed.

### **NAR Meeting/Convention Travel**

C.A.R. will annually budget to send the President, the President-Elect, the Secretary-Treasurer, the Chief Executive Officer, and other staff (at the discretion of the Chief Executive Officer) to the NAR REALTOR® Legislative Meetings & Trade Expo and the Annual Convention. C.A.R. will annually budget to send the Chief Executive Officer and other staff (at the discretion of the Chief Executive Officer) to the NAR Association Executives Institute. NAR Directors shall be authorized to attend NAR Meetings and will be reimbursed per IR's policy by submitting original receipts and expense reports directly to IR within 60 days following the meeting.

C.A.R. will reimburse the NAR Directors up to \$500 per meeting, for expenses greater than the approved IR stipend. In order to receive this expense reimbursement, a copy of total receipts for the meeting must be submitted within 90 days of the meeting. Expenses not submitted within 90 days will not be reimbursed.

NAR Directors, C.A.R. Officers and staff attendance at the NAR President's Inaugural will be included as a part of the annual budget process. The NAR Midyear Meeting and the Annual Convention may also include a budgeted special "night out" for Directors, staff, and invited guests in attendance.

Any C.A.R. member (other than a C.A.R. Officer) who serves as a NAR Committee Chair or Vice Chair, and who does not receive a stipend from IR, shall receive a stipend of \$500 per business meeting (per IR approved stipend), up to two meetings per year. In order to receive this stipend, a copy of total receipts for the meeting must be submitted within 90 days of the meeting. Expenses not submitted within 90 days will not be reimbursed.

Any C.A.R. member who successfully graduates from the NAR Leadership Academy will receive a total reimbursement of \$1,000 towards tuition and travel costs. In order to receive this reimbursement, a copy of total receipts for the meeting must be submitted within 90 days of the graduation. Expenses not submitted within 90 days will not be reimbursed.

### **Travel Arrangements**

The Executive Assistant will book hotel accommodations for any NAR or IR Director, only if the Executive Assistant has an authorized credit card on file for that Director. Otherwise, the Director is responsible for booking the Director's own arrangements.

### **International Travel**

The President (or the President's designee) and the C.E.O. (or the C.E.O.'s designee) will have occasion to travel internationally, from time to time, as approved in the annual budget process. On such occasions, they will be entitled to business class flight arrangements. However, if traveling with a companion, they may waive this entitlement in lieu of two coach class tickets. Recommendations for international travel will be made annually by the Global Real Estate Council, as a part of the business planning and budgeting process. Final approval of attendance at international destinations and conferences shall be made by the Executive Committee.

All other international travel must be approved, in advance, by the Board of Directors.

### **Mileage or Parking**

Mileage or parking will be reimbursed to Directors of C.A.R. for automobile travel on official business of C.A.R. Mileage will be calculated at a rate established annually by the Internal Revenue Service minus their normal travel costs. Parking, tolls or transportation charges will be reimbursed when traveling on behalf of C.A.R., not to exceed the discounted parking rate. Parking at C.A.R. Central office will be reimbursed up to the C.A.R. discounted rate.

Mileage will be reimbursed to Association employees for automobile travel on official business of C.A.R. Mileage will be calculated at a rate established annually by the Internal Revenue Service minus their normal travel costs. Parking, tolls or transportation charges will be reimbursed when traveling on behalf of C.A.R. Parking at C.A.R. Central office will be reimbursed up to the C.A.R. discounted rate.

### **Airfare**

Directors and Employees traveling to meetings by air must use the most cost-effective means of travel. If the travel is not direct billed to C.A.R., original receipts from the on-site ticket agent or machine are necessary for reimbursement. Tickets must be purchased at least 14 days in advance of travel. Under no circumstances will C.A.R. provide airfare reimbursement greater than included in the annual budget unless expressly approved by the Chief Executive Officer prior to the purchase. Upgrades are the responsibility of the individual. Please see International Travel for any exceptions.

### **Lodging**

Lodging facilities are reimbursed for the room and tax only for standard hotel rooms. Upgrades are the responsibility of the individual.

### **Meals, Tips and Incidentals**

In the event that C.A.R. Directors and Employees are required to travel with an overnight stay on behalf of C.A.R. (excluding IR and NAR business meetings), expenses will be reimbursed up to \$125 per day for meals, tips, and incidentals with proper documentation.

### **Car Rentals**

Car rentals will be reimbursed if approved in advance by the C.E.O. or EVP. Employees should not request LDW (Loss Damage Waiver) coverage unless they do not have insurance. Receipts are required.

### **Entertainment**

Concerts, plays, etc. generally are not reimbursable. Since maintaining relationships with various entities and individuals is critically important to advancing C.A.R.'s mission, the President and the C.E.O. shall have the discretion to incur reasonable expenses in entertaining appropriate parties when and if necessary.

### **Presidential Travel**

C.A.R. shall annually budget nominal funds for the President to travel for business purposes, per her/his discretion, throughout the fiscal year for functions not budgeted and approved specifically within the annual budget. All fund requests must be approved by the Executive Committee. A report to the Board of Directors must be made at the meeting immediately following use of the funds. Approved funds may be used only for the President's own travel (not for a companion and/or designee).

## **512. CASH AND CASH MANAGEMENT**

### **Authorized Signers**

Checks require two signatures. No checks shall be signed prior to the check being completed in its entirety (no signing of blank checks). Check signers are the President, President-Elect, Treasurer, C.E.O., Senior Vice President of Finance, and EVP. Checks are preferably signed by the Treasurer, C.E.O., or EVP since the EVP or Senior Vice-President of Finance & Business Development reviews all invoices.

### **Cash Flow Management**

The EVP and Vice-President of Finance & Business Development perform treasury management and cash flow needs to maximize investment returns as stated under policy 413 Investment Policy.

### **Petty Cash and cash register**

C.A.R. will maintain a petty cash fund.

It is the responsibility of the Staff person handling cash to ensure that cash funds are under lock and key at all times.

### **Wire Transfers**

The Vice-President of Finance & Business Development and EVP shall be the only C.A.R. employees authorized to transact wire transfers from and within C.A.R. bank accounts. Confirmations of all wire transfers are delivered to the EVP.

## **513. INVENTORY**

### Description of Inventory

C.A.R. maintains several inventoried goods for resale.

### Accounting for Inventory

C.A.R. will use the First-in, First-out (FIFO) method of inventory valuation.

### Physical Counts

It is the policy of C.A.R. to perform a physical count of inventory on a monthly basis.

## **514. PREPAID EXPENSES**

### Accounting Treatment

It is the policy of C.A.R. to treat payments of expenses that have a future benefit as prepaid expenses and to expense to the appropriate time period.

## **515. INVESTMENT POLICIES**

### Introduction

It is the policy of C.A.R. to treat all assets of C.A.R., including those funds that are legally unrestricted, as though they are held by C.A.R. in a fiduciary capacity for the purpose of accomplishing C.A.R.'s overall mission. As such, the policies described in this section are to be interpreted in light of that overall sense of stewardship, and the investment standards of C.A.R. shall be those of a prudent investor.

### Delegation of Authority

The Board of Directors of C.A.R. has delegated supervisory authority over its investing activities to the Finance Committee. The Finance Committee is responsible for regularly reporting on C.A.R.'s investments to the full Board of Directors. The Finance Committee is authorized to retain one or more Investment Counselors subject to Board of Directors' approval to assume the investment management function. In that regard, the Finance Committee may enter into agreement with, delegate investment authority, pay compensation to, and receive reports from, one or more Investment Counselors.

### Investment Objectives

C.A.R.'s investment objective is to earn an appropriate return on investments with the theory to take advantage of compounded interest and take advantage of diversification to minimize the losses during significant market decreases. Earning a reasonable return during market expansion. Maximizing returns without exposing the principal to undue risk.

This investment policy shall be reviewed annually at the beginning of the calendar year by the Finance Committee for any necessary revisions. Recommendations for any revisions or modifications will be made by the Finance Committee to be approved by the Board of Directors.

The following guidelines will be used to determine the dollar amounts placed in each of the three investment funds.

The EVP, Vice-President of Finance & Business Development, and C.E.O. will determine the dollar amounts placed in each investment fund, subject to the limitations set forth. These placements will be reported at each Finance Committee for its review and approval.

## **Operating Fund Investments**

### **Purpose:**

The purpose of the Operating Fund is to provide sufficient cash to meet the financial obligations in a timely manner while meeting or exceeding the average bank rates of return. These investments are for less than 1 year.

### **Investment Objectives:**

The investment objectives of the Operating Fund are:

Preservation of Capital;  
Liquidity; and  
Optimization of investments within the guidelines of the policy OR Optimize returns within the guidelines.

### **Investment Guidelines:**

The EVP and Vice-President of Finance & Business Development shall be authorized to invest the Operating Fund as follows:

- Repurchase agreements in conjunction with bank sweep accounts and collateralized by U.S. Government obligations
- Federally (FDIC) insured certificates.
- Money Market funds federally (FDIC) insured
- Money Market funds that invest in government backed securities fully insured through SIPC
- U.S. Government Agency securities, including the Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corp. (FHLMC) and Federal Farm Credit Bank (FFC)

Operating Fund Investments shall be limited to less than one year. Maturities must be scheduled to allow redemption of securities as cash flow requirements dictate.

This fund is lead nearly 100% by the EVP and Vice-President of Finance & Business Development.

The EVP and Vice-President of Finance & Business Development shall prepare a report for presentation to the Finance Committee, Executive Committee and the Board of Directors that will include:

- Acquisition date
- Method of acquisition (purchase or donation)
- Cost or basis at acquisition
- Description of investment
- Interest rate (if applicable)
- Date of maturity (if applicable)
- Holder/issuer of security

## **Short Term Investment Fund**

### **Purpose:**

The purpose of the Short Term Investment Fund is to meet the expenses occurring as the result of short term unanticipated activities, to improve the return on funds held for expenditure over the next one to five years, and to manage investment risk while meeting or exceeding the one year Treasury Note.

**Investment Objectives:**

The investment objectives of the Short Term Investment Fund are:

Preservation of Capital Liquidity

Optimization of investments within the guidelines of the policy OR Optimization of investments within the guidelines of the policy OR Optimize returns within the guidelines.

**Investment Guidelines:**

The EVP and Vice-President of Finance & Business Development shall be authorized to invest the Short Term Investment as follows:

- Federally (FDIC) insured certificates of deposit.
- Money Market funds that invest in government backed securities fully insured through Securities Investor Protection Corporation (SIPC)
- Direct obligations of the U.S. Government (U.S. Treasury Bills)
- Corporate Bonds AA rated
- Municipal Bonds AA rated
- Short Term Bond Funds and GNMA Funds
- Mutual funds
- U.S. Government Agency securities, including the Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Home Loan mortgage Corp (FHLMC) and Federal Farm Credit Bank (FFC).

Maturities must be scheduled to allow redemption of securities as cash flow requirements dictate. This fund is lead approximately 85% by the investment banker.

The EVP and Vice-President of Finance & Business Development shall prepare a report for presentation to the Finance Committee, Executive Committee and the Board of Directors that will include:

- Acquisition date
- Method of acquisition (purchase or donation)
- Cost or basis at acquisition
- Description of investment
- Interest rate (if
- Date of maturity (if applicable)
- Holder/issuer of security
- Current market value
- Unrealized gain or loss

**Long Term Investment Fund****Purpose:**

The purpose of the Long Term Investment Fund is to enhance the purchasing power of funds held for future expenditure and to maintain the financial stability of C.A.R.

**Investment Objectives:**

The objectives of the Long Term Investment Fund represent a long term goal of maximizing returns without exposure to undue risk. It should be understood that fluctuating rates of return are characteristic of the securities markets. The primary concern will be long term appreciation of the assets and consistency of total return.

The purpose of the equity portion of the Long Term Investment Fund is to provide long-term capital appreciation which equals or exceeds TBD.

This fund is lead nearly 100% by the Investment Banker.

#### **Investment Guidelines:**

The EVP and Vice-President of Finance & Business Development shall be authorized to invest the long term investments into any funds to achieve the objective except the following:

#### Prohibited Investments

Private Placements  
Letter Stock  
Derivatives  
Commodities  
Short Sales  
Margin Transactions  
Individual Stocks  
Any speculative investment activities

The EVP and Vice-President of Finance & Business Development shall prepare a report for presentation to the Finance Committee, Executive Committee and the Board of Directors that will include:  Acquisition date

- Method of acquisition (purchase or donation)
- Cost or basis at acquisition
- Description of investment
- Interest rate (if applicable)
- Date of maturity (if applicable)
- Holder/issuer of security
- Current market value
- Unrealized gain or loss

#### Asset Allocation Guidelines

To maximize the probability of achieving a balanced portfolio, in line with risk parameters and tolerance for short-term volatility, the following asset allocation ranges are acceptable:

Up to 70% of Bonds  
Up to 60% of Equities

The asset allocation will be set to limit the specific risk associated with any single security, mutual fund or class of securities. The C.E.O. and the EVP will periodically review the overall asset allocation to ensure proper diversification and make recommendations to the Finance Committee. This review will include the Association Investment Program (AIP), an investment service participated in by the National Association of REALTORS® (NAR).

#### Accounting Treatment

All purchased investments shall initially be recorded at cost. All investments acquired by donation to C.A.R. shall initially be recorded at their fair market value as of the date of donation. Donated investments shall be recorded as unrestricted, temporarily restricted, or permanently restricted income and net assets based on the existence or absence of such restrictions, as defined earlier.

Subsequent to acquisition, it shall be the policy of C.A.R. to carry all equity securities with readily determinable fair market values and all debt securities at their market values. Adjustments to market value shall be made monthly in the accounting records and financial statements of C.A.R. to be compliant with Generally Accepted Accounting Principles (GAAP).

Adjustments to market value result in unrealized gains and losses on investments. Such gains and losses resulting from contributed investments (or from investments purchased with contributed

funds) shall be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of explicit restrictions on such appreciation and depreciation from the donor, as defined earlier. Such unrealized gains and losses from investments purchased with unrestricted funds shall be classified as unrestricted.

### **Gifts Received**

C.A.R. will not accept gifts that are not publicly traded or easily liquidated into cash. C.A.R. shall not at any time assume the role of brokering and liquidating gifts. Gifts received shall be discussed with C.A.R.'s broker.

### **Responsibility of the Investment Manager(s)**

The services of a registered investment advisor will be utilized to manage portions of the investment portfolios of C.A.R. Investment managers being considered will be evaluated by the Finance Committee on several factors, including but not limited to the needs of C.A.R., the pattern of the historical rates of return and the volatility to those returns, styles of management, adherence to style, research capability, staffing, fees, and other factors considered relevant and incorporating best practices. Each investment manager will have full discretion to make all investment decisions for the assets placed under his or her jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies outlined in this section.

The investment manager shall be responsible for:

1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
2. Communicating to C.A.R. management any major changes to economic outlook, investment strategy, or other factors that affect implementation of the investment process, or fulfilling C.A.R.'s investment objectives.
3. Informing C.A.R. management within 30 days regarding any qualitative change to investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
4. Voting proxies on behalf of C.A.R. in its best interest.

### **Selection of Investment Managers**

The Finance Committee selection of investment manager(s) must be based on prudent due diligence procedures, including consideration of prospective investment managers' performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that impact their ability to achieve results. A qualifying investment manager must be a registered investment advisor under the Investment Advisors Act of 1940 or a bank or insurance company. The investment firm will be reviewed at least every five years. RFP's are to be received by at least three firms.

The following factors shall be considered by C.A.R. in selecting an Investment Manager:

- The firm's reputation.
- The depth of the firm's understanding of and experience with not-for-profit associations
- The firm's demonstrated ability to provide the services requested in a timely manner
- The ability of firm personnel to communicate with Association personnel in a professional and congenial manner
- Customer Support / Communication
- Technology / On-Line Services
- Implementation/Transition
- Flexibility
- Forecasting Tools

It is the policy of C.A.R. to issue a written Request for Proposal (RFP) to be sent to prospective investment firms. Information to be included:

- Complete description of the services requested
- Identification of meetings requiring their attendance, such as staff or Board of Director meetings
- Association chart of C.A.R.
- Financial information about C.A.R.
- Other information considered appropriate
- Description of proposal and format requirements
- Due date of proposals
- Overview of selection process (i.e. whether finalists will be interviewed, when a decision shall be made, etc.)
- Identification of criteria for selection

Minimum Proposal Requirements from prospective Investment firms should be:

- Firm background
- Biographical information (resumes) of key firm member who will serve C.A.R.
- Client references
- Information about the firm's capabilities
- Firm's approaches
- Other resources available with the firm
- Expected delivery of reports
- Fees
- Other information as appropriate

In order to narrow down the proposals to the top selections, the EVP & Vice-President of Finance & Business Development shall meet with the prospective engagement teams from each proposing firm to discuss their proposals. Copies of all proposals shall be forwarded to each member of the Finance Committee. After the EVP and Vice-President of Finance & Business Development narrow down the field of prospective Investment firms, final interviews of each firm will be conducted by the Finance Committee, which makes the final selection.

### **Termination of a Manager**

The Finance Committee and Finance Staff will evaluate periodically each of the investment manager's 1224 month performance as well as rolling three and five-year period results.

Termination of an investment manager can occur for any reason, including:

1. The convenience of C.A.R.
2. Unacceptable justification of poor investment results given the discipline employed and risk parameters established.
3. Failure to adhere to Investment Policies, including communication and reporting requirements.
4. Significant changes to the investment management organization deemed adverse to the interests of C.A.R.

### **Investment Manager Performance Review and Evaluation**

Performance reports generated by the investment management advisor shall be compiled at least semiannually and communicated to the Finance Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks which correlate to the investment strategy. Investments in each asset class will be measured against their respective benchmarks. Peer group comparisons shall be utilized in measuring long term investment performance.

The Committee reserves the right to terminate a manager without cause or for any reason, including, but not limited to:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of the statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization. Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

## 516. PROPERTY AND EQUIPMENT

### Capitalization Policy

Physical assets acquired with unit costs in excess of \$2,500 are capitalized as property and equipment on C.A.R.'s financial statements. Items with unit costs below this threshold shall be expensed in the year purchased, except for fixed assets such as chairs, desks, table, personal computers, etc., where inclusion in our fixed asset system is appropriate. Capitalized property and equipment additions are accounted for at their historical cost and all such assets, except land and certain works of art and historical treasures, are subject to depreciation over their estimated useful lives.

A physical inventory of all assets capitalized will be taken on a bi-annual basis by C.A.R. This physical inventory shall be reconciled to the property log and adjustments made as necessary. All adjustments resulting from this reconciliation must be approved by the Senior VP of Finance.

### Depreciation and Useful Lives

Property and equipment are depreciated over their estimated useful lives using the straight line method, employing the half-year convention in the year of acquisition. Estimated useful lives of capitalized assets shall be determined by the Accounting Department in conjunction with the department or employee that shall utilize the asset. The following is a list of the estimated useful lives of each category of fixed asset for depreciation purposes:

Furniture and fixtures	Up to 10 yrs.
General office equipment	5 yrs.
Computer hardware and peripherals	3-5 yrs.
Computer software	2-3 yrs.
Leased assets	life of lease
Leasehold Improvements	remaining lease term

### Leases

C.A.R. adheres to generally accepted accounting principles and has adopted ASC 842 regarding Lease Accounting.

## 517. FINANCIAL STATEMENTS

C.A.R.'s fiscal year is October 1 through September 30.

### Standard Financial Statements of C.A.R.

The basic financial statements of C.A.R. that are maintained on an Association-wide basis shall include:

1. Statement of Financial Position - reflects assets, liabilities and net assets of C.A.R. and classifies assets and liabilities as current or non-current/long-term.
2. Statement of Activities - presents revenues and expenses for each department/program.
3. Statement of Cash Flows - reports the cash inflows and outflows of C.A.R. in three categories: operating activities, investing activities, and financing activities.

## **Annual Financial Statements**

A formal presentation of C.A.R.'s annual financial statements shall be provided by the Independent Auditor to the Audit Committee and then the full Board of Directors.

C.A.R. shall utilize the services of a CPA Firm for its Annual Audit. C.A.R. shall utilize the services of a CPA Firm for other consulting and budgetary needs as deemed appropriate by the C.E.O. and the Senior VP of Finance. The decision to publish statements or otherwise make them available to membership will be made by the Board of Directors at its meeting following the issuance of statements. The authority to distribute statements to other individuals or firms requesting them will be left to the discretion of the C.E.O. and Senior VP of Finance.

## **518. GOVERNMENT TAX RETURNS**

### **Filing of Returns**

It is the policy of C.A.R. to become familiar with and to comply with all known filing requirements. The EVP and Senior Vice-President of Finance & Business Development shall be responsible for identifying all filing requirements and assuring that C.A.R. and its subsidiaries comply with all such requirements. It is also the policy of C.A.R. to file complete and accurate returns with all authorities.

### **Public Access to Information Returns**

C.A.R. is subject to federal requirements to make the following forms available to the general public:

1. The three most recent annual federal form 990 information returns.
2. C.A.R.'s original application for recognition of its tax-exempt status, filed with IRS, and all accompanying schedules and attachments.

## **519. UNRELATED BUSINESS ACTIVITIES**

It is the policy of C.A.R. to properly identify and classify income-producing activities that are unrelated to C.A.R.'s tax-exempt purpose using the guidelines described in the Internal Revenue Code and underlying regulations and to file the required federal and State returns in a timely manner.

## **520. PLANNING & BUDGETING**

### **Preparation and Adoption**

It is the policy of C.A.R. to prepare an annual budget on the accrual basis of accounting. It is the policy of C.A.R. to adopt a final budget prior to the beginning of C.A.R.'s fiscal year.

### **Monitoring Performance**

It is the policy of C.A.R. to monitor its financial performance by comparing and analyzing actual results with budgeted results. This function shall be accomplished in conjunction with the monthly financial reporting process described earlier.

### **Budget Modifications**

After a budget has been approved by the Board of Directors and adopted by C.A.R., reclassifications of budgeted expense amounts can be made by the EVP and C.E.O. and then filed with the Finance Committee and the Board of Directors. Adjustments need to be reviewed and approved by the Finance Committee and Board of Directors via a motion to adjust.

## 521. ANNUAL AUDIT

### **Role of the Independent Auditor**

It is the policy of C.A.R. to arrange for an annual audit of C.A.R.'s financial statements to be conducted by an independent accounting firm. The independent accounting firm selected by C.A.R. will be required to communicate directly with C.A.R.'s Audit Committee upon the completion of its audit. Audited financial statements, including the auditor's opinion thereon, will be submitted and presented to the Board of Directors by the independent accounting firm after the financial statements have been reviewed and approved by the Audit Committee.

### **How Often to Review the Selection of the Auditor**

C.A.R. shall review the selection of its independent auditor in the following circumstances:

- Anytime there is dissatisfaction with the service of the current firm
- When a fresh perspective and new ideas are desired
- C.A.R. will engage the CPA firm selected to audit C.A.R. for a period not to exceed five years. At the end of this period the Audit Committee with the assistance of the EVP, will interview a minimum of 3 CPA firms specializing in work for non-for-profit Associations and advise the Board of Directors of its final selection. Re-awarding the contract for accounting services to the existing firm is acceptable as long as the interview and selection criteria clearly indicate the firm is the most qualified and cost-effective. An exception can occur when the incumbent can rotate its partner. Then the term of the incumbent can extend up to three years, one time, before the Committee with the assistance of the EVP interviews a minimum of three CPA firms. In the exception period the Committee will review annually its decision to extend the relationship with the current firm.

### **Selecting an Auditor**

The following factors shall be considered by C.A.R. in selecting an accounting firm:

- The firm's reputation in the nonprofit community
- The depth of the firm's understanding of and experience with not-for-profit associations
- The firm's demonstrated ability to provide the services requested in a timely manner
- The ability of firm personnel to communicate with Association personnel in a professional and congenial manner

It is the policy of C.A.R. to issue a written Request for Proposal (RFP) to be sent to prospective audit firms. Information to be included:

- Period of services required
- Type of contract to be awarded (fixed fee, cost basis, etc.)
- Complete description of the services requested (audit, management letter, tax returns, etc.)
- Identification of meetings requiring their attendance, such as staff or Board of Director meetings
- Association chart of C.A.R.
- Chart of account information
- Financial information about C.A.R.
- Copy of prior year reports
- Other information considered appropriate
- Description of proposal and format requirements
- Due date of proposals
- Overview of selection process (i.e. whether finalists will be interviewed, when a decision shall be made, etc.)
- Identification of criteria for selection

Minimum Proposal Requirements from prospective CPA firms should be:

- Firm background
- Biographical information (resumes) of key firm member who will serve C.A.R.
- Client references
- Information about the firm's capabilities
- Firm's approach to performing an audit
- Copy of the firm's most recent quality/peer review report, including any accompanying letter of findings
- Other resources available with the firm
- Expected timing and completion of the audit
- Expected delivery of reports
- Cost estimate including estimated number of hours per staff member
- Rate per hour for each auditor
- Other information as appropriate

In order to narrow down the proposals to the top selections, the EVP shall meet with the prospective engagement teams from each proposing firm to discuss their proposals. Copies of all proposals shall be forwarded to each member of the Audit Committee. After the EVP and Vice-President of Finance & Business Development narrow down the field of prospective auditors, final interviews of each firm will be conducted by the Audit Committee, which makes the final selection.

## **522. INSURANCE**

It is the policy of C.A.R. to maintain adequate insurance against various liabilities, as well as coverage for property and equipment.

### **Coverages**

C.A.R. will utilize an insurance broker/risk management consultant to determine what insurance policies and coverage limits should be obtained in order to minimize C.A.R.'s financial exposure.

## **523. RECORD RETENTION**

### **Policy**

It is the policy of C.A.R. to retain records as required by law and to destroy them when appropriate. The destruction of records must be approved by the EVP and Senior Vice-President of Finance & Business Development, and properly documented.

The financial records of C.A.R. will be kept as dictated by C.A.R.'s Record Retention Policy listed below.

#### **Corporate**

Certificate of Incorporation	Permanent
Charter	Permanent
Minutes of Meeting	Permanent
Annual Reports	Permanent
IRS Letter of Determination of Exempt Status	Permanent

#### **Correspondence**

General	4 years
Legal	Permanent

#### **General Ledger and Books of Original Entry**

General Ledger	8 years
Journal Entries	8 years
Cash Receipt Book	10 years
Cash Disbursement Check Register	5 years

#### **Accounting**

Bank Statements and Cancelled Checks	5 years
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Client Billings and Estimates	4 years
Print Contracts	4 years
Petty Cash Payments	4 years
Employee Travel and Expense Reports	4 years
Expense Bills	4 years
Year End Accruals (Income& Non-billable items)	4 years
Financial Reports	
Financial Statements Certified by CPA's	6 years
Monthly Financial Statements	4 years
Insurance	
Policies and declarations	5 years following expirations
Group Insurance Reports	5 years following expirations
Membership	
Applications	2 years
Property (Tangibles and Intangibles)	
Fixed Assets Additions, Depreciation, etc.	Permanent until disposed
Contracts	
Client Contracts and Agreements (after conclusion)	10 years
Leases (after conclusion)	7 years
Tax Returns other than Payroll	
Federal Income Tax Return & Work papers	Permanent
State Income Tax Return & Work papers	5 years
Sales and Miscellaneous Tax Returns	Payroll
Payroll	5 years
Reports and Records	
Employment History	7 years
Individual Employee Records (after termination)	7 years
Payroll Register	7 years
Time Cards and Sheets	
Unclaimed Wages (given to State after 3 yrs.)	2 years
Cancelled Payroll Checks	3 years
Tax Returns	
Withholding Tax Statements (W-2's)	7 years
Interim Payroll Registers	4 years
Pension and Profit Sharing	
Pension and Other Funded Plans Deferring	Permanent
Compensation	8 years
Pension Reports to Government (after filing return)	5 years
Postage Meter Book	1 year
Professional Standards	
Case Files	3 years
Decisions	Permanent
Purchasing	
Bids	7 years
Capital Equipment	6 years
Routine Items	3 years
Records	RPAC
Sales	
Sales Orders	2 years
Records	Shipping
	2 years

## 524. TREASURY/BANKING MANAGEMENT

### Introduction

It is the policy of the C.A.R. to employ a banking institution to perform treasury management related functions.

### How Often to Review the Selection of a Banking Institution

C.A.R. shall review the selection of its banking relations in the following circumstances:  
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- Anytime there is dissatisfaction with the service of the current firm
- When a fresh perspective and new ideas are desired
- The EVP, with the assistance of staff, will every three years interview an appropriate number of banking institutions with a focus in work for non-for-profit Associations and make a recommendation to the Board of Directors for final selection. Re-awarding the contract for treasury management services to the existing bank is acceptable as long as the interview and selection criteria clearly indicate the firm is the most qualified and cost-effective. The Finance Committee (or a designated sub-group of such), with the assistance of the Senior VP of Finance, should have the responsibility of making the recommendation to the Board of Directors.

### **Selecting a Banking Institution**

The following factors shall be considered by C.A.R. in selecting a bank:

- The reputation in the nonprofit community
- The depth of understanding of and experience with not-for-profit associations
- The demonstrated ability to provide the services requested in a timely manner
- The ability of personnel to communicate with Association personnel in a professional and congenial manner

### **525. WHISTLEBLOWER POLICY**

C.A.R. requires officers, directors, members, other volunteers, and staff to observe high standards of business and personal ethics in the conduct of their duties and responsibilities on behalf of C.A.R. Staff and representatives of the organization must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations. The objectives of the C.A.R. Whistleblower Policy are to establish policies and procedures for:

- The submission of concerns regarding questionable accounting or auditing matters or compliance with state or federal laws by officers, directors, volunteers, staff of the organization, on a confidential and anonymous basis.
- The receipt, retention, and treatment of complaints received by the organization regarding accounting, internal controls, or auditing matters or compliance with state and federal laws.
- The protection from retaliatory actions of officers, directors, volunteers, employees reporting concerns.

### **Reporting Responsibility**

Each C.A.R. officer, director, volunteer, member, and employee has an obligation to report in accordance with this Whistleblower Policy (a) questionable or improper accounting or auditing matters, and (b) violations and suspected violations of state or federal law (hereinafter collectively referred to as "Concerns").

### **Authority of Executive Committee**

All reported Concerns will be forwarded to the C.A.R. Audit Committee in accordance with the procedures set forth herein. The Audit Committee shall be responsible for investigating, and making appropriate recommendations to the Executive Committee, with respect to all reported Concerns.

### **No Retaliation**

This Whistleblower Policy is intended to encourage and enable officers, directors, volunteers, members, and employees to raise Concerns within C.A.R. for investigation and appropriate action. With this goal in mind, no officer, director, volunteer or employee who, in good faith, reports a Concern shall be subject to retaliation or, in the case of an employee, adverse employment consequences. Moreover, an officer, director, volunteer, member, or employee who retaliates against someone who has reported a Concern in good faith is subject to discipline up to and including dismissal from the officer, director or volunteer position or termination of employment.

## **Process – C.A.R. Employees**

Employees should first discuss their Concern with their immediate supervisor. If, after speaking with his or her supervisor, the employee continues to have reasonable grounds to believe that a Concern is valid, the employee should report the Concern to the C.E.O. In addition, if the employee is uncomfortable speaking with his or her supervisor, or the supervisor is a subject of the Concern, the employee should report his or her Concern directly to the C.E.O.

If the Concern was reported orally to the C.E.O., the reporting individual, with assistance from the C.E.O., shall summarize the Concern in writing and provide as many details as possible. The C.E.O. is required to promptly report the Concern to the Chair of the Audit Committee, who has specific and exclusive responsibility to investigate all Concerns. If the C.E.O., for any reason, does not promptly forward the Concern to the Audit Committee, the reporting individual should directly report the Concern to the Chair of the Audit Committee. Contact information for the Chair of the Audit Leadership Committee will be provided to all employees annually, as the Chair may change each year. The identity of the Chair of the Audit Committee can be located within the C.A.R. Leadership Directory within the C.A.R. Website. Concerns may also be submitted anonymously in writing and sent directly to the Chair of the Audit Committee

## **Process – Directors, Volunteers, and Members**

Officers, directors, volunteers, and members should submit Concerns in writing directly to the Chair of the Audit Committee. Contact information for the Chair of the Audit Committee can be obtained from the C.E.O.

### **Handling of Reported Violations**

The Audit Committee shall address all reported Concerns. The Chair of the Audit Committee shall immediately notify the Audit Committee Members, the C.E.O. and C.A.R.'s legal counsel of any such report. The Chair of the Committee will notify the sender, if not anonymous, and acknowledge receipt of the Concern within five business days.

All reports will be promptly investigated by the Audit Committee, and appropriate corrective action, if warranted by the investigation, will be recommended to the Executive Committee. In addition, action taken must include a conclusion and/or follow-up with the complainant for complete closure of the Concern.

The Audit Committee, if approved by the C.E.O. and the President, has the authority to retain legal counsel, accountants, private investigators, or any other resource deemed necessary to conduct a full and complete investigation of the allegations.

### **Acting in Good Faith**

Anyone reporting a Concern must act in good faith and have reasonable grounds for believing the information disclosed indicates an improper accounting or auditing practice, or a violation of state or federal law. The act of making allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly, or with the foreknowledge that the allegations are false, will be viewed as a serious disciplinary offense and may result in discipline, up to and including termination of that position and civil lawsuit.

### **Confidentiality**

Reports of Concerns, and investigations pertaining thereto, should be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. Disclosure of reports of Concerns to individuals not involved in the investigation may constitute a serious disciplinary offense and may result in discipline, up to and including termination of employment, grounds for removal from office, loss of membership, and civil action.

## 526. APPENDICES

### **APPENDIX 1**

#### **CONFLICT OF INTEREST AND CONFIDENTIALITY STATEMENT**

For Officers, Directors, Chairmen and Employees

##### Conflict of Interest

A conflict of interest exists in any situation where a person having official responsibilities for the Association ("Association Representative") has been empowered to make decisions on behalf of the Association and, who as a result of that power, can potentially benefit personally, directly or indirectly, from an entity or person conducting business with the Association. Examples of possible conflict of interest include, but are not limited to:

- The Association Representative's personal business provides goods or services to the Association for consideration (that is, for some kind of payment or other form of consideration).
- A friend or relative of the Association Representative provides goods or services to the Association for consideration.
- A vendor or business acquaintance with which the Association Representative has an outside business relationship provides goods or services to the Association for consideration.
- The Association Representative receives a referral fee or preferential discount, gift, or other valuable consideration from a vendor, paid promoter, fundraising event sponsor, or any other outside party, for referring Association business to such party.

All potential conflicts of interest, no matter how small or seemingly insignificant, and whether only in appearance, are to be reported to the Association's Board of Directors or Committee prior to engaging in a possible conflict of interest situation. The Board of Directors or Committee will then make a decision as to whether the relationship is an appropriate one for the Association or if the individual with the potential conflict should refrain from participation in any decision on such matter.

##### Confidential Information

Following execution of this Agreement, the Association Officer, Director, Committee volunteer, member, or employee signing this Agreement shall exercise reasonable care to prevent the unauthorized disclosure or use of Confidential Information. "Confidential Information" means all information disclosed by the Association, as well as information materially developed as a result of the Association's disclosure, except any portion of that information that:

- is known to the recipient before receipt of such information under this Agreement, or is independently generated by or for the recipient, as evidenced by recipient's written records;
- is disclosed to the recipient, without restriction, after acceptance of this Agreement by an independent third party having a legal right to make such a disclosure; or
- is or becomes part of the public domain through no breach of this Agreement.

In the event that an Association Officer, Director, Committee volunteer, member, or employee is unsure if information obtained from the Association is "Confidential Information," the individual has a responsibility to check with their supervisor or appropriate employee of officer before disclosure.