



# Tonto Rim Search and Rescue (TRSAR) Financial Management Policy P.O. Box 357 Pine, AZ. 85544

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## SECTION I. PURPOSE:

This policy establishes guidelines for developing financial goals and objectives, making financial decisions, reporting the financial status of the Tonto Rim Search and Rescue Squad, Inc. ("TRSAR") "(Squad" / "Squad's)", and managing the Squad's funds.

## SECTION II. FINANCIAL RESPONSIBILITY:

- A. It is the responsibility of the Board of Directors ("Board") to formulate financial policies and review operations and activities on a periodic basis.
- B. The Board delegates this oversight responsibility to the Treasurer of the Board.
- C. The Commander acts as the primary fiscal agent, implementing all financial policies and procedures.
  - 1. The Commander, with oversight of the Board is responsible for the coordination of the following:
    - a. Annual budget presentation.
    - b. Management of the Squads funds.
    - c. Selection of outside auditors.
    - d. Approving revenue and expenditure.
    - e. Objectives in accordance with the Board approved long-term plans.
- D. The Treasurer, with oversight of the Commander and the Board, has the day-to-day operations responsibility for managing the Squad's funds, ensuring accuracy of the accounting records, internal controls, financial objectives and policies, financial statement preparation, and bank reconciliation review and approval.
  - 1. The Treasurer is solely responsible to the Board and only the Board can provide direction for financial decisions.
  - 2. The Treasurer shall collect and receive all monies due the Squad, maintain

accurate records of these funds, make payment of all proper bills and expenses of the squad as directed by the Board, make a financial report at the Board of Directors meetings, and at all General Membership meetings, audit all social or special fund raising activities of the Squad, and advise the Board on all financial activities of the Squad.

3. The Board of Directors shall establish the limits of all expenditures by the Squad, to be exceeded only by prior consent of the Board.

### **SECTION III. CONFLICT OF INTEREST:**

A. Members of the Board of Directors are prohibited from activities that might present conflicts of interest.

1. The power of directorship may not be used to personally benefit the Director at the Squad's expense.
2. If a Director has a financial interest in a Squad transaction, the Director must fully disclose the interest and abstain from voting. Loans to Directors are prohibited.

### **SECTION IV. BUDGETING PROCESS:**

A. The Board of Directors shall be responsible for establishing the annual operating budget.

1. The budget shall contain revenues and expenses forecasted by month (or annually at the Board's discretion).

B. The Board shall use historical revenues and expenses as a base for budgeting and add in or delete large one-time known revenue or expense items.

C. The Board shall create individual operating budgets for special teams, i.e. rope, swift water, tracking/trailing dog, area search dog, the Explorer's program.

1. Budgeting for materials or supplies in the annual budget does not provide approval for any purchase. (See Section XIV. Purchasing below for obtaining approval for purchasing materials or supplies.)

### **SECTION V. FINANCIAL STATEMENTS:**

A. The Squad's financial statements shall be prepared on a cash basis in accordance with Generally Accepted Accounting Principles ("GAAP").

1. Revenues, expenses, gains, and losses are classified on the existence or absence of donor-imposed restrictions.

- B. The Treasurer shall prepare and distribute monthly financial statements accurately depicting Squad financial transactions and present them to the Board for review.
- C. The Treasurer shall also prepare financial statements for special teams, i.e. rope, swift water, tracking/trailing dog, area search dog, and the Explorer program.
  - 1. Copies of the financial statements for the special teams shall also be given each month to the Officer of each special team.

**SECTION VI. AUDIT:**

- A. The Commander, or duly appointed representative selected from the Board, shall audit the financial statements of the Squad on a quarterly basis (or annually at the Commander's discretion).
  - 1. The audit shall confirm revenue and expenses by comparing bank statements against the financial statements.
  - 2. The audit shall also confirm that all expenditures were authorized by the Board and records contain sufficient backup or detail.
  - 3. At the discretion of the Board, audits may be performed on a more frequent basis.
  - 4. At the discretion of the Board, an outside audit may be completed by a firm of Certified Public Accountants.
    - a. Award of an audit contract to an outside firm shall be based on the criteria established by the Board.

**SECTION VII. REVENUE AND INCOME PROCEDURES:**

- A. The Treasurer develops and proposes revenue goals and objectives and submits them to the Board for review and approval at or before the annual budget meeting.
- B. All revenue and donations (contributions) shall be recorded as pledged or received and credited to the appropriate revenue lines as presented and approved at the Board's annual budget meeting.

**SECTION VIII. RECORDING RECEIPTS:**

- A. The following procedures for cash received through the mail or given to a Squad member shall be in place:
  - 1. Mail should be opened by a Board member appointed by the Commander.
  - 2. All checks shall be endorsed with the Squad's official stamp which shall contain the "For Deposit Only" designation as part of the stamp.

- B. The Treasurer shall record all checks and cash by date, name of company or individual, designation, and amount.
- C. An individual deposit ticket shall be prepared for all check and cash receipts.
  - 1. A copy of the bank deposit slip is retained in chronological order with copies of the deposited checks.
  - 2. All checks and cash shall be deposited the same business day, if possible, and no later than week's end, into the Squad's bank account.
- D. On-line contributions should be properly recorded by the Treasurer and credited to the appropriate revenue line.
  - 1. These transactions should be periodically checked by an internal auditor designated from the members of the Board.

**SECTION IX. RECEIPTS TO DONERS:**

- A. The Treasurer shall ensure that all donors and contributors shall receive proper acknowledgement of their contributions.

**SECTION X. EXPENDITURES PROCEDURES:**

- A. All expenditures shall be approved by the Board.
  - 1. All expenditures shall be coded and recorded on the Board approved expenditure line.
  - 2. Invoices shall be approved by the Treasurer.
  - 3. When an expense is made by one of the Squad's "special teams," the Officer (lead person) of that special team must sign off on the receipt or invoice.
  - 4. In this context, special teams may include, among others, the rope team, swift water team, tracking/trailing dog team, area search dog team, and the Commander shall sign for the Explorer's Program.
  - 5. The paid invoices shall be filed chronologically recorded according to the date in which the payment was made.

**SECTION XI. SIGNATURE POLICY:**

- A. Checks may only be signed by one of the four Officers of the Board of Directors.
  - 1. Officers include the positions of Commander, Vice-Commander, Secretary and Treasurer.

- B. When new Officers are elected to the Board, the Officers shall visit the Squad's bank

and update the signature cards for the Squad's bank account.

**SECTION XII. LOCAL TRAVEL AND EXPENSE REIMBURSEMENTS:**

- A. Travel and expense reports for mileage, meals, hotel, supplies, per diem, etc. must be pre-approved by the Board.
  - 1. If a Squad member requests reimbursement for an expense that was not pre-approved, that Squad member must submit the item and proper documentation to the Board for consideration and approval.

**SECTION XII. CREDIT CARD EXPENDITURES:**

- A. The Commander shall be issued a Squad credit card.
  - 1. Credit cards may be issued to other Board members, but must be approved by majority vote of the Board.
  - 2. The credit card holder may only use the credit card for Squad purposes and receive pre-approval of the Commander to use the credit card.
  - 3. The credit card holder must submit receipts for purchases to the Treasurer monthly and in time for the monthly financial statement preparation.

**SECTION XIV. PURCHASING:**

- A. The Board may require purchases to have bids from three (3) suppliers, if possible.
  - 1. These bids must be reviewed by the Board of Directors and the bid award must be approved by a majority vote of the Board of Directors.
- B. All purchases less than amount determined by the Board shall be Board approved.
- C. Pre-approval of purchases must be obtained by majority vote of the Board prior to making any purchase – regardless if the purchase was budgeted for or not.
- D. Any purchase made by a Board member on behalf of the Squad will require prior approval and majority vote of the Board.

**SECTION XV. LEASES AND OTHER CONTRACTUAL AGREEMENTS:**

- A. The Board of Directors are authorized to develop and enter into leases and contractual agreements with vendors, bankers, and third parties for the purpose of ensuring the Squad's general operations.

B. Leases and other contractual agreements shall be negotiated by a duly authorized member of the Board of Directors.

1. Only the Commander and Vice-Commander are authorized to execute leases and contractual agreements.
2. All leases and contractual agreements must be pre-approved by majority vote of the Board of Directors.

**SECTION XVI. NOTES, LOANS, ETC.:**

A. All notes, loans and other indebtedness to be contracted in the name of the Squad (except open accounts and all other routine banking transactions), shall require signature of the Commander or Vice-Commander, unless otherwise specified by the Board of Directors or established in the present management policies and procedures.

B. All indebtedness must be approved by majority vote of the Board of Directors.

**SECTION XVII. DEEDS, CONVEYANCES, ETC.:**

A. The Commander or Vice-Commander shall execute all Deeds, Conveyances, Mortgages, Leases, Contracts and other instruments in the name of the Squad.

**SECTION XVIII. BANK ACCOUNTS AND INVESTMENTS ACCOUNTS:**

A. The Treasurer shall maintain and oversee Bank and Investment accounts, and ensure the Squad's day-to-day financial operations. Several accounts may be maintained by the Squad as follows:

1. Checking Account.
2. Money Market Account.
3. Certificates of Deposit.
4. Brokerage Accounts.
5. Credit Card Accounts.

B. These accounts may be changed as the Squads financial conditions and requirements change.

1. Changes may only be made by majority approval of the Board of Directors.
2. Only the Officers of the Board of Directors (Commander, Vice-Commander, Treasurer and Secretary) are authorized to sign checks on behalf of the Squad.

**SECTION XIX. CHECKING ACCOUNTS:**

- A. All checks, cash, money orders, and credit card deposits, are reviewed by the Treasurer and deposited in the appropriate account.
- B. Checks should be written weekly to meet obligations, or ongoing operational expenditures.

**SECTION XX. BANK RECONCILIATION:**

- A. Bank reconciliations shall be completed monthly by the Treasurer and cross-referenced with the cash and receipts log/spreadsheets and the monthly Financial Statements.
- B. The Financial Statements shall be compiled by the Treasurer.
- C. The Financial Statements shall be then reviewed by the Board of Directors monthly.
- D. The Treasurer, or in the Treasurer's absence, another Board member shall provide an overview of the Squad's cash positions or bank account balances to the Squad membership at its monthly General Meeting.

**SECTION XXI. CASH AND CASH EQUIVALENTS:**

- A. The Squad may only make investments with highly rated financial institutions.
- B. The Treasurer shall closely monitor the balances of the Checking Account, Money Market Account and Certificates of Deposit accounts.
  - 1. Each month in its Financial Statements, the Treasurer shall report on the performance of said cash and cash equivalents.

**SECTION XXII. PETTY CASH:**

- A. The Squad does not maintain a petty cash fund.
- B. Typically, all expenses are pre-authorized by the Board of Directors and a check issued for its purchase.
- C. Alternatively, a Squad member may receive reimbursement by check for a purchase made on behalf of and to the benefit of the Squad only after receiving majority approval by the Board of Directors.
- D. If, in the future, the Board of Directors decides it is appropriate to maintain a petty cash account, then the following conditions shall apply.

1. A petty cash fund provides a systematic method of paying and recording out-of-pocket cash payments too small to be made by check.
  2. The Squad shall maintain a Two Hundred Dollar (\$200.00) petty cash fund that is replenished, as needed.
- E. The Treasurer shall maintain control of, and responsibility for, payments disbursed from the Petty Cash fund;
1. However, amounts should not exceed an amount determined by the Board of Directors for each transaction.
- F. The total Fund should not exceed an amount determined by the Board of Directors.

### **SECTION XXIII. INVESTMENTS REPORTS AND INVESTMENT POLICY:**

- A. Investments shall be reported with the monthly financial statements at cost or market value.
- B. The Treasurer, with oversight by the Board of Directors, shall review and determine the general investment strategy for all funds.
- C. The philosophy of the Squad's short-term investments is safety of principal and liquidity.
- D. Acceptable investments shall be: Certificates of Deposit rated A1; all short-term Securities of the U.S. Government or an agency thereof.
- E. All financial institutions shall be selected and approved by the Board of Directors and must have long-term investment rating of A or higher by Standard and Poor's, or a compatible rating.

### **SECTION XXIV. INSURANCES:**

- A. Reasonable and adequate coverage will be maintained to protect the Squad's interests as well the Board of Directors and the Squad's membership.
- B. The following policies shall be kept on a yearly basis:
1. Property.
  2. General Liability.
  3. Crime
  4. Automobile
  5. Portable Equipment
  6. Management Liability.



- C. The amount of coverage and deductible shall be determined by the Board of Directors.

**SECTION XXV. PROPERTY AND EQUIPMENT:**

- A. Property and equipment shall be stated at historical cost.
- B. Depreciation is computed over the estimated useful life of the assets using the straight-line method.
- C. A depreciation schedule may be prepared and maintained by the Treasurer on an annual basis, taking into consideration the annual equipment inventory.
- D. The Board shall approve any removal of property, supplies, and/or equipment from the Squad's premises.

**SECTION XXVI. DONATED MATERIALS AND SERVICES:**

- A. Donated materials and equipment shall be reflected in the Financial Statements at their estimated values measured on the date of receipt.
- B. Volunteers donate time to the Squad's services on an on-going basis.
- C. Such contributed services are generally not reflected in the Squad's financial statements, since there is no objective way of assessing their value.

**SECTION XXVII. CONFIDENTIALITY AND RECORD SECURITY:**

- A. Financial records are restricted materials with limited access.
- B. Only the Board of Directors (or others so authorized) shall have access to financial records (vendor files, checks, journals, etc.).

**SECTION XXVIII. DOCUMENT RETENTION:**

- A. Financial documents are retained for a period of time in keeping with State law and the recommendations of the IRS.

**SECTION XXIX. TAX REPORTING:**

- A. The Tonto Rim Search and Rescue Squad, Inc. is exempt from federal income taxes under Section 501 ( c ) ( 3 ) of the Internal Revenue Code as amended.

- B. Accordingly, no provisions for income taxes shall be reflected in the financial statements.
- C. Complete and submit a Form 990 each year.
- D. Complete and submit the Corporation Commission Documents each year.