

FOUNDATION FOR THE ADVANCEMENT OF THE PARALEGAL PROFESSION

Financial Policies and Procedures

1.0 FISCAL MANAGEMENT POLICIES

1.1 PURPOSE

The purpose of the policies set forth herein is to communicate the general management policies established by the Board of Directors in order to ensure that the Foundation for the Advancement of the Paralegal Profession, a Pennsylvania nonprofit corporation (hereinafter "FAPP" or "Corporation") comply with applicable laws and regulations and operates in a manner consistent with an organization established for charitable purposes.

1.2 DEFINITIONS

1.2.1 FOUNDATION FOR THE ADVANCEMENT OF THE PARALEGAL PROFESSION

Foundation for the Advancement of the Paralegal Profession (hereinafter "FAPP" or "Corporation") is a Pennsylvania nonprofit corporation established to operate exclusively for charitable, scientific, literary, or educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 as amended.

1.2.2 BOARD OF DIRECTORS

As used herein, Board of Directors, shall refer to the Board of Directors of the Corporation.

1.3 ADOPTION OF MANAGEMENT SYSTEMS

The Treasurer will review and recommend all fiscal policies and procedures. Upon review, the Board of Directors will approve fiscal policies and procedures as deemed appropriate. Policies and procedures shall be reviewed every two years, or as needed.

1.4 FUNDRAISING

It is the intent of the Corporation to support the general operations of the corporation by funds received through contributions, donations, fundraising programs and grants. All such receipts will be duly recorded and shall be eligible as tax deductible contributions/donations by the donor to the extent permitted by the then current IRS regulations.

1.4.1 GRANTS

It is the intent of the Corporation to support the ongoing mission of the corporation by applying for and receiving grants received from interested individuals, members, civic and professional groups, businesses, corporations, foundations, and governmental entities. The Board of Directors of the Corporation shall approve all grant applications before submission and all grant applications shall be signed by the President of the Corporation.

1.4.2 RECEIVING/APPLICATION OF GRANTS

All grants received will be duly recorded. All monies received from such grants shall be applied in accordance with the instructions and restrictions of the granting party or agency. No deviation shall occur under any circumstances.

1.4.3 ACKNOWLEDGING GRANTS

Each grant received shall be acknowledged in writing by the Corporation to the granting party or agency.

1.4.4 ACCOUNTINGS/REPORTS REQUIRED OF GRANTS

The Treasurer shall be responsible for the oversight of all grant monies received and shall be responsible to see that all accountings and reports required of the granting party or agency be strictly adhered to.

1.5 CONTRIBUTIONS/DONATIONS

1.5.1 SOURCE OF CONTRIBUTIONS/DONATIONS

It is the intent of the Corporation to support the ongoing mission of the corporation by contributions/donations received from interested individuals, members, civic and professional groups, businesses, corporations, foundations, and governmental entities. All such contributions/donations will be duly recorded and shall be eligible as tax deductible contributions/donations by the donor to the extent permitted by the then current IRS regulations.

1.5.2 DEPOSITING CONTRIBUTIONS/DONATIONS

All contributions/donations received shall be duly recorded and deposited into one or more financial accounts established by the Board of Directors.

All monies will be maintained in a financial institution that is covered by FDIC (Federal Deposit Insurance Corporation). The Corporation will use interest bearing accounts, checking and/or savings accounts.

1.5.3 CONTRIBUTIONS/DONATIONS FOR SPECIFIC ITEM OR PROGRAM

All contributions/donations received that have been designated to finance or support an approved item or program shall be so honored and shall be applied only to the designated item or program. (In other words, the wishes of the donor are paramount, as are any restrictions the donor places on the use of the contribution/donation.)

1.5.4 DECLINED CONTRIBUTIONS, DONATIONS OR GIFTS

The Board of Directors has the power to accept or decline a contribution, donation, or gift.

1.6 SPONSORSHIP PROGRAM

1.6.1 ADOPTION OF SPONSORSHIP PROGRAM

The Corporation shall adopt a sponsorship program for the purpose of raising monies to support the general operations of the Corporation. Said sponsorship program may change from time to time upon approval of the Board of Directors.

1.6.2 CONTRIBUTIONS/DONATIONS FOR SPECIFIC ITEM OR PROGRAM

All contributions/donations received that have been designated to finance or support a particular sponsorship program shall be so honored and shall be applied only to the designated sponsorship program. (In other words, the wishes of the donor are paramount, as are any restrictions the donor places on the use of the contribution/donation.)

1.7 BOARD APPROVED BUDGET

The Board of Directors of the Corporation will annually review and approve the operating budget of the Corporation. The Treasurer will prepare a draft preliminary budget and present it to the Board of Directors.

The budget will be reviewed and approved in the following manner:

1.7.1 DRAFT BUDGET

The Treasurer will create a draft preliminary balanced budget based on input from the Board of Directors, Officers, and committee chairpersons (if any).

1.7.2 RECOMMENDATION OF DRAFT BUDGET

The Board of Directors will review the draft preliminary budget as recommended by the Treasurer at a Board of Directors' meeting prior to the beginning of the fiscal year, amend the document as it deems appropriate, and submit it for approval at the regular January Board of Directors' meeting, or at a special meeting called for consideration of the budget.

1.7.3 REGULAR REVIEW OF DRAFT BUDGET

The Treasurer will regularly review the budget implementation (income and expenses) for which he or she is responsible and advise the Board of Directors of any irregularities or concerns.

1.7.4 MID-YEAR BUDGET REVIEW

The Treasurer will recommend that the Board of Directors conduct a mid-year budget review, if necessary, for the purpose of making adjustments to coincide with the expenses and revenues at mid-year.

The fiscal year for the organization is January 1 to December 31.

1.8 APPROVAL OF BILLS AND EXPENSES

1.8.1 APPROVAL OF BILLS AND EXPENSES

Expenses included in the annual budget should be paid in the normal course of conducting business. Expenses exceeding a budgeted line item, or not included in the annual budget, shall be approved by the President and Treasurer when such expenses do not exceed the budgeted line item or are not in excess of \$100.00. All expenses in excess of \$100.01, and not included in the annual budget, shall be approved by the Board of Directors of the Corporation. No Director, Officer, Member, or other person shall commit the Corporation to any expense not included in the annual budget without the prior approval of the Board of Directors. When appropriate, all expenses are to be paid within two weeks of receipt.

1.9 AUDIT

An internal audit (full financial review of all financial transactions) will be held for odd years and an external audit will be held for even years. The Treasurer will appoint an ad hoc committee to conduct the internal audit. Three committee members should be appointed. The committee members should be knowledgeable of accounting procedures and not be signers on any Corporation account or fund or related to the Treasurer, in any manner. All audits shall be performed during the first quarter of each year and shall be conducted under the accounting and auditing standards applicable to nonprofit organizations. Audit reports shall be kept by the Secretary as a part of the Corporation's permanent records.

1.10 FINANCIAL PERSONNEL

Financial Personnel shall include the Treasurer, audit committee members, and finance committee members, if any. All Financial Personnel shall be capable of handling their duties in an organized manner.

1.11 INSURANCE AND BONDING

If available at a reasonable cost, as determined by the Board of Directors, insurance should be acquired for protection of the Directors, Officers, Treasurer, and Financial Personnel as defined in paragraph 1.10. The insurance coverage shall include embezzlement and liability resulting from errors, omissions, or mismanagement of the Corporation's funds.

1.12 COMPLIANCE

The organization will comply with all federal, state, and local laws and regulations.

1.13 NON-DISCRIMINATION

The Corporation will not discriminate in the selection of auditors, vendors, suppliers, professional services, or in the hiring, promotion or termination of employees on the basis of race, creed, sex, age, physical handicap, sexual orientation, or other measure that would limit equal opportunity and participation by individuals or organizations, profit or non-profit.

2.0 FISCAL MANAGEMENT PROCEDURES

2.1 PURPOSE

The purpose of this section is to communicate to the Financial Personnel the duties and procedures that must be performed in order to maintain reliable accounting records.

2.2 FINANCIAL ACCOUNTS

Financial accounts include checking, saving, and any other account held at a financial institution. All activity will be reflected in a monthly consolidated report. As few accounts will be maintained as possible. New accounts will be opened only with approval of the Board of Directors.

2.3 CASH MANAGEMENT

2.3.1 PURPOSE

To establish procedures that will ensure that all receipts are recorded in the accounting records and deposited in the appropriate financial account in a timely manner.

2.3.2 CASH RECEIPTING

As money is received, either cash or checks, it should be properly recorded.

2.3.3 CASH DEPOSITING

All cash and checks shall be deposited with the bank no later than seven (7) business days after receipt. Cash and checks awaiting deposit shall be kept in a locked cabinet, drawer, safe or other secure place. .

2.4 BANK RECONCILIATION

All accounts held at financial institutions shall be reconciled with the account statement within ten (10) days of the receipt of the statement.

2.5 FUNDRAISING

All plans for fundraising will be presented to the Board of Directors for approval.

2.6 BUDGETING

The budget is the vehicle used to plan for activities based on available resources. It must be realistic and anticipate the unexpected. The budget process shall encourage scrutiny of new and on-going programs. The budget will be a reflection of program plans. Therefore, carefully thought-out input to the Treasurer is essential to the budget process. This may result in an annual budget that diagrams the expectations of the Board of Directors and communicates the mission of the Corporation to those who read it.

2.6.1 BUDGETING STEPS

Beginning no later than September of each year, the Treasurer will review existing expenses for the year and seek input as to the estimate of the financial impact of new or expanded programs. The Finance Committee, if any, will meet as soon as possible thereafter to prepare a draft balanced budget. The draft budget will be submitted, along with a draft of the goals and programs for the year, to the Corporation's Board of Directors for consideration, modification and approval at the regular January Board of Directors' meeting, or at a special meeting called for consideration of the budget.

2.7 PROPERTY MANAGEMENT AND ACCOUNTABILITY

2.7.1 CASH AND BANK ACCOUNTS ("FUNDS") ASSETS

Assets of the Corporation must be safeguarded. It is the Treasurer's responsibility to be certain that only authorized persons have access to the cash, bank accounts and other funds of the Corporation.

2.7.2 PHYSICAL ASSETS

2.7.2.1 If available at a reasonable cost, all physical assets, if any, of the Corporation shall be insured for replacement cost.

2.7.2.2 All physical assets of the Corporation shall be inventoried on an annual basis.

2.7.2.3 The Treasurer shall keep records relating to the Corporation's physical assets, as follows:

- when and how the asset was acquired
- whether any debt was used to acquire the asset
- purchase price
- cost of any improvements

- deduction taken for casualty losses, if any, such as losses resulting from fires or storms
- how the asset was used
- when and how the asset was disposed of
- selling price
- expenses of sale

2.8 RECORD RETENTION

The financial records and programmatic, supporting documents, statistical records, and all other records relating to the Corporation's finances shall be retained for the periods specified by best practices and as specified below.

3.0 TREASURER'S DUTIES

Treasurer duties shall be as follows:

3.0.1 Receive all cash and checks to be deposited with the bank no later than seven (7) business days after receipt.

3.0.2 Pay all monthly bills within two weeks or within due date as indicated. Keep documentation of bills paid (receipts, invoices) for three (3) years or as required by state/federal law.

3.0.3 Keep track of and pay all infrequent bills such as insurance when due.

3.0.4 Balance all accounts each month within ten (10) days of the receipt of the statements. Provide a copy of the monthly bank account statement with each monthly financial report.

3.0.5 Make monthly financial report, containing both income and expenses, to the Board of Directors. Said monthly financial report shall include a copy of the corresponding monthly bank statement or statements. Provide other reports as requested.

3.0.6 Be available for consultation on the finances of the Corporation as requested.

3.0.7 Promptly inform the Board of Directors of unusual changes in the Corporation's financial position, so that prompt action can be taken when needed.

3.0.8 Maintain an annual report of all contributions, donations, gifts, in-kind donations and volunteer hours.

3.0.9 The Treasurer shall provide a written disclosure to every donor who makes a payment in excess of \$75.00, when said payment is partly as a contribution and partly for goods and services provided by the Corporation.

3.0.10 The Treasurer shall provide written acknowledgement to every donor who makes a contribution of \$250.00 or more.

3.0.11 Have financial records available for end of year reports and annual audit.

3.0.12 Prepare annual financial report.

3.0.13 Work with Board of Directors and Finance Committee, if any, in preparation of an annual budget.

3.0.14 Shall prepare or oversee the preparation of all required forms and reports required by any city, state, federal, or other governmental agency.

3.0.15 Shall prepare or oversee the preparation of all required state and federal tax returns.

3.0.16 Pay to appropriate taxing agencies all taxes, if any, as appropriate.

3.0.17 Maintain state and federal tax records for seven (7) years or as required by state/federal law.

3.0.18 Shall retain all Corporation records or documents in accordance with the following schedule:

- maintain all bank statements for three (3) years
- maintain all invoices or bills supporting disbursements for three (3) years
- maintain all asset inventories for seven (7) years
- maintain all monthly financial reports for seven (7) years
- maintain all annual or year-end financial reports permanently
- maintain all audit records permanently

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